



Economic and Social Council

Distr.
LIMITED

E/ICEF/1997/AB/L.8
25 March 1997

ORIGINAL: ENGLISH

UNITED NATIONS CHILDREN'S FUND
Executive Board
Annual session 1997
2-6 June 1997
Item 10 (a) of the provisional agenda*

FOR ACTION

GREETING CARD AND RELATED OPERATIONS WORK PLAN AND PROPOSED BUDGET
FOR THE EIGHT-MONTH PERIOD 1 MAY TO 31 DECEMBER 1997

SUMMARY

This document presents the Greeting Card and related Operations (GCO) work plan and proposed budget for the eight-month period 1 May to 31 December 1997.

Chapter I, Overview, presents an introduction, policy issues, consolidated income and expenditure projections for 1997, and human resources.

Chapter II, Director's Office, presents objectives, strategies and analysis of 1997 proposed budget.

Chapter III, Product Line and Marketing, presents an introduction, objectives, strategies, a review of the Central and Eastern European National Committees Development Programme and of the Market Development Programme, and analysis of 1997 proposed budget.

Chapter IV, Private Sector Fund-raising, presents an introduction, objectives, strategies, a review of the Fund-raising Development Programme and analysis of 1997 proposed budget.

Chapter V, Operations and Finance, presents an introduction, objectives, strategies and analysis of 1997 proposed budget.

Chapter VI, Regional support centres and UNICEF field offices, presents an introduction, objectives, strategies and analysis of 1997 proposed budget.

Chapter VII, Medium-term plan, 1998-2001, presents planned income and expenditures.

Chapter VIII contains the draft recommendations for Executive Board approval relating to the GCO budget for the eight-month period 1 May to 31 December 1997.

* E/ICEF/1997/13.

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I. OVERVIEW

A. Introduction

1. In 1996, the Executive Director engaged Coopers and Lybrand Consulting (C&L) to conduct a six-month study of Greeting Card and related Operations (GCO) product sales as a follow-up exercise to the management review recommendations on GCO (E/ICEF/1995/9/Rev.1, decision 1995/25, paragraph 2 (c)).
2. The major recommendations provided by C&L are:
 - (a) To further develop the brand, at a global level;
 - (b) To focus on a few markets with the highest current potential;
 - (c) To streamline the card and product line;
 - (d) To improve performance in key distribution channels;
 - (e) To restructure the organization and augment skills;
 - (f) To simplify key business processes;
 - (g) To clarify roles and relationships (headquarters versus National Committees/UNICEF field offices).
3. During the last quarter of 1996, GCO has started initiatives along the lines of the C&L recommendations.
4. In 1997, GCO will pursue a refocused mission, to raise the maximum possible funds for UNICEF programmes worldwide. This goal will be approached by introducing most of the C&L recommended concepts (see chapter III for details) and by maximizing the synergy between the product line and marketing and the private sector fund-raising areas.
5. Another important objective for 1997 is to develop the future GCO structure, taking into consideration the C&L conclusions, and recommend a GCO headquarters office location and related organizational, financial and human resource plans to be presented to the UNICEF Executive Board at its first regular session in January 1998.
6. At the Annual Meeting of National Committees in May 1996, it was agreed to move towards establishing a clearer definition of accountabilities and responsibilities between UNICEF and National Committees. To this end, National Committees and UNICEF were to carry out joint work planning and budget preparation, including "needs-based budgeting". As a test, GCO, in conjunction with the UNICEF Office for Europe in Geneva, will work with a few National Committees to initiate the process.
7. Pursuant to Executive Board approval of the change in the GCO fiscal year from 1 May-30 April to 1 January-31 December (E/ICEF/1996/12/Rev.1, decision 1996/22 C.5), the GCO 1997 fiscal period consists of only eight months, 1 May to 31 December 1997. Therefore, the present document includes the GCO work plan and proposed budget for this eight-month period.

8. The significant strengthening of the United States dollar, especially in key markets, has negatively impacted GCO overall 1996 income. Based on the latest estimates, GCO consolidated net income for 1996 is estimated at \$250.5 million (\$156.7 million for general resources and \$93.8 million for supplementary funds), a decrease of 1.7 per cent when compared to the 1995 actual.

9. In 1996, GCO suspended the migration from its WANG VS computer software to another platform. This decision was taken to ensure that GCO formed part of an integrated software solution for UNICEF. GCO-specific needs were part of the consolidated UNICEF requirements which formed the basis for the selection of the new platform.

B. Policy issues

10. GCO proposes the review and approval of the following policy issues:

(a) Key markets and non-key markets. A focused market review will be carried out to classify non-key markets and determine various diminishing levels of GCO support in servicing those markets. GCO will present its recommendations to the UNICEF Executive Board at its January 1998 regular session;

(b) Market Development Programme (MDP). For 1997, GCO proposes to continue MDP with a budget of \$3.0 million, which is \$1.0 million less than the 1996 approved budget. Investments for 1997 will be more focused on projects that were previously successful and provide a high return on investment;

(c) Fund-raising Development Programme (FDP). For 1997, GCO proposes to continue FDP with a budget of \$7.8 million (the same as 1996). FDP will be used to finance promising initiatives in key markets such as France, Japan and the United States;

(d) GCO fiscal year change. Due to the change in the GCO fiscal year, the financial results in the GCO annual financial report will be reported based on estimated results. On receipt of the final sales reports from partners, the sales results will be actualized and the necessary adjustments reflected in the following years' financial report;

(e) Advance authorization to print cards and acquire products for the following fiscal year. Because of the GCO business cycle, production timing and international distribution, GCO starts producing and purchasing products approximately one year before the actual sales campaign. In this respect, the Executive Director requests the advance authorization of the Executive Board to incur expenditures related to the cost of goods delivered for the following year.

C. Consolidated income and expenditure projections for 1997

11. Both gross proceeds from product sales and private sector fund-raising income are projected for a 12-month period consistent with prior years (1 January-31 December). Since the cost of goods is directly related to gross proceeds, it is also estimated for 12 months. All other expenses proposed for 1997 are for an eight-month period.

12. As indicated in table 1, the GCO net consolidated income for 1997 is projected at \$274.9 million (\$177.6 million for general resources and \$97.3 million for supplementary funds), an increase of \$24.4 million (9.7 per cent) over the 1996 latest estimates and \$20.0 million (7.8 per cent) more than the 1995 actual. The net operating income - general resources of \$177.6 million - comprises income from greeting card and other products of \$82.9 million and from private sector fund-raising of \$106.8 million, which is offset by non-operating expenses of \$12.1 million.

13. Consolidated expenditures for 1997 as summarized in table 2 are projected at \$85.3 million. These expenditures include the costs related to Product Line and Marketing (\$55.2 million) and Private Sector Fund-raising (\$7.9 million), the operating costs of the Director's Office (\$0.3 million) and the Operations and Finance Group (\$9.8 million), and other non-operating expenses (\$12.1 million). This represents a decrease of \$11.7 million (12.1 per cent) when compared with the 1996 latest estimates. The decrease is attributable to a lower level of expenditures by \$11.1 million due to the shorter fiscal period combined with:

- (a) A decrease in non-operating costs by \$1.8 million;
- (b) A decrease in costs by \$0.8 million due to the transfer of the Special Projects Section and the Celebrity and Events Units (including 11 posts), to the Division of Communication;
- (c) A decrease in computer-related costs by \$0.2 million due to a "freeze" on the computer migration project previously planned to be carried out by GCO;
- (d) A decrease in house list appeal costs of UNICEF field offices by \$0.1 million;
- (e) A decrease in depreciation costs by \$0.2 million due to the write-off of lease-hold improvements after the GCO office move in New York to UNICEF House;
- (f) An increase in direct production costs of \$1.4 million, of which \$0.8 million is due to product mix and \$0.6 million to higher sales volume;
- (g) An increase in research and development costs of \$0.6 million for new initiatives;
- (h) A mandatory salary increase of \$0.5 million;
- (i) An increase in rental and office maintenance costs of \$0.2 million at UNICEF field offices.

Table 1. GCO income statement - 1995 actual, 1996 budget, 1996 latest estimates and 1997 proposed budget

(in millions of United States dollars)											Variance	
	1995 Actual	a/ %	1996 Budget a/ %	1996 Latest estimates %	1997 Proposed b/ %	1997 c/ %	1997 vs. 1996 Latest estimates					
							\$	%				
PRODUCT LINE AND MARKETING												
Gross proceeds	166.5	100.0	174.0	100.0	174.0	100.0	8.5	3.3				
Less: Commissions (including retention)	37.3	22.4	39.7	22.8	40.4	23.2	2.9	5.2				
Net proceeds	129.2	77.6	134.3	77.2	133.6	76.8	3.5	2.7				
Less: Cost of goods delivered	36.5	21.3	42.5	24.4	41.3	23.7	(0.8)	(1.4)				
Operating costs	13.9	8.3	14.8	8.5	14.3	8.5	(2.9)	(20.3)				
Allocated operating costs	6.1	3.7	7.8	4.5	8.0	4.7	(2.5)	(31.3)				
Provision for doubtful accounts	0.5	0.3	-	0.0	-	0.0	-	-				
Add: Other income - net	8.3	5.0	7.5	4.3	7.5	4.3	-	-				
Net operating income - Product Line and Marketing	81.5	48.9	76.7	44.1	73.4	43.6	8.5	12.9				
PRIVATE SECTOR FUND-RAISING												
Net proceeds - general resources	100.7		130.0		113.1			5.0				
Less: Operating costs	7.8		9.7		9.2		(1.8)	(18.6)				
Allocated operating costs	4.5		7.1		6.7		(2.1)	(31.3)				
Net operating income - Private Sector Fund-raising c/	88.4		113.2		97.2		8.8	8.9				
Net operating income - consolidated	169.9		189.9		170.6		19.1	11.2				
Non-operating expenses/adjustments:												
Less:												
Market Development Programme	2.2		4.0		3.9		(0.9)	(23.1)				
Fund-raising Development Programme	7.0		7.8		7.8		-	-				
Exchange rate adjustment	3.2		-		-		-	-				
Prior years' adjustments	4.5		-		-		-	-				
Exhibits and related costs	0.2		0.2		0.1		(0.1)	(100.0)				
Office move related costs	-		0.7		0.7		(0.7)	(100.0)				
GCO share in UNICEF administrative costs	0.2		0.3		0.4		0.2	50.0				
Central and Eastern European National Committees												
Development Programme	1.3		1.5		1.0		(0.3)	(30.0)				
Net consolidated income - general resources	151.3		175.4		156.7		20.9	13.3				
Add: Supplementary funds - private sector fund-raising (net) c/	103.6		124.3		93.8		3.5	3.7				
Net consolidated income	254.9		299.7		250.5		24.4	9.7				
Card sales volume (millions)	158		166		162		4	2.5				

a/ The comparative figures for 1995 and 1996 were restated to conform with the 1997 presentation.
b/ Due to a change in the GCO fiscal year, 1997 is a eight-month period from 1 May to 31 December 1997.
c/ Total private sector fund-raising income consists of income from general resources and supplementary funds. Supplementary funds income is shown net of house list appeal costs.
d/ In accordance with Executive Board decision 1997/4 (E/ICEF/1997/12 (Part I)), GCO transferred \$0.5 million to headquarters and regional offices' budget for the biennium 1996-1997.

**Table 2. Summary of consolidated expenditures -
1996 budget, 1996 latest estimates and
1997 proposed budget**

(In millions of United States dollars)

	1996 Budget	1996 Latest estimates	1997 Proposed	Variance 1997 vs. 1996 latest estimates	
				\$	%
DIRECTOR'S OFFICE					
Operating costs	0.5	0.5	0.3	(0.2)	(40.0)
PRODUCT LINE AND MARKETING					
Commissions - field offices	2.6	2.4	2.5	0.1	4.2
Cost of goods delivered	42.5	41.9	41.3	(0.6)	(1.4)
Operating costs	14.8	14.3	11.4	(2.9)	(20.3)
Subtotal	59.9	58.6	55.2	(3.4)	(5.8)
PRIVATE SECTOR FUND-RAISING					
Operating costs	9.7	9.2	7.4	(1.8)	(19.6)
House list - appeal costs	0.8	0.6	0.5	(0.1)	(16.7)
Subtotal	10.5	9.8	7.9	(1.9)	(19.4)
OPERATIONS AND FINANCE					
Operating costs	14.4	14.2	9.8	(4.4)	(31.0)
NON-OPERATING EXPENSES					
Market Development Programme	4.0	3.9	3.0	(0.9)	(23.1)
Fund-raising Development Programme	7.8	7.8	7.8	-	-
Exhibits	0.2	0.1	-	(0.1)	(100.0)
Office move-related costs	0.7	0.7	-	(0.7)	(100.0)
GCO share in UNICEF administrative costs	0.3	0.4	0.6	0.2	50.0
Central and Eastern European National Committees Development Programme	1.5	1.0	0.7	(0.3)	(30.0)
Subtotal	14.5	13.9	12.1	(1.8)	(12.9)
TOTAL EXPENDITURES	99.8	97.0	85.3	(11.7)	(12.1)

/...

14. To improve monitoring of inventories, GCO plans to implement a bar-coding system (hardware and software) at a cost of \$0.3 million as capital expenditure. The corresponding depreciation has been included in the budgeted expenditure for 1997.

15. The 1997 projected net consolidated income and expenditure are subject to currency fluctuations in relation to the United States dollar. In the present document, the December 1996 United Nations exchange rates have been used for both 1996 latest estimates and for the 1997 proposed budget.

D. Human resources

16. Consistent with efforts to increase the efficiency and profitability of GCO, it is proposed to reduce the overall number of staff at headquarters by 16 (from 182 in 1996 to 166 in 1997). This is a result of the continuous restructuring of GCO, with human resources being concentrated on the priority direction of work and the transferring of activities and related staff to other parts of UNICEF. The net reduction at headquarters is five posts.

17. In the Product Line and Marketing Group, it is proposed to abolish two L-5 posts in the product development area. The functions of these posts have been reassigned within the section.

18. In the Private Sector Fund-raising Group:

(a) As part of the overall UNICEF reorganization, 11 posts in the exhibits and special events areas, including 6 international Professional (one L-5, one L-4, two L-3, one L-2 and one L-1) and 5 General Service, are transferred to the Division of Communication;

(b) To respond to a growing demand for support from 38 National Committees and 15 field offices in priority countries, and to relate this support to income potential, it is proposed to establish a new L-3 post of fund-raising support officer;

(c) To provide additional support to partners in the areas of fund-raising campaign analysis, as well as database and work planning, one existing General Service post will be converted to an L-2 post of assistant fund-raising officer;

(d) In the area of fund-raising materials, the functions have been redefined. This will entail the downgrading of one fund-raising officer post from L-4 to L-3 and the upgrading of another post from L-2 to L-3.

19. In the Operations and Finance Group:

(a) In line with efforts to increase efficiency of the available human and financial resources, it is proposed to delegate the functions of planning and coordination to the respective sections within the Group. Therefore, it is proposed to abolish the P-4 post of planning and coordination officer and one General Service post in the administrative support area;

(b) It is also proposed to abolish a P-2 post of programmer since its functions of supporting the network computer systems have been transferred to

the Division of Information Resources Management after the GCO move to UNICEF House;

(c) One General Service post in the administrative support area is also proposed for abolishment.

20. With regard to internal redeployments, due to the delegation of the planning and coordination function, the existing P-3 post of planning officer will be redeployed from the Operations and Finance Group to the Product Line and Marketing Group. Two General Service posts will also be redeployed internally to compensate for the reduction of staff in some areas: one post is transferred from the Director's Office to Operations and Finance and the other post is transferred from Product Line and Marketing to Private Sector Fund-raising.

21. It is proposed to increase the number of staff at UNICEF field offices in the GCO priority countries by seven posts to provide additional support to the presence of GCO in the rapidly growing markets (Brazil, Colombia, Pakistan, Peru). In total, 10 new General Service posts will be established (6 in Brazil, 2 in Colombia and 1 each in Pakistan and Peru), offset by the abolishment of 2 General Service posts in Brazil and 1 national officer post of Manager, GCO India (as GCO has not yet received Government approval to carry out private sector fund-raising activities). During the last few years, most of these activities have been supported by the use of short-term staff. The costs of the new posts are offset mostly by a similar reduction of the cost of short-term staff.

22. As a result of the above changes, the total number of GCO posts worldwide is proposed to decrease by 9 to 245 posts, comprising 80 international Professional (88 in 1996), 29 national officer (30 in 1996) and 136 General Service (the same as in 1996).

II. DIRECTOR'S OFFICE

A. 1997 objectives

23. The objectives of the Director's Office are:

(a) To propose an appropriate GCO structure and recommend a GCO headquarters location, taking into account cost-effectiveness, optimization of human resources and proximity to key markets;

(b) To increase the synergy between Product Line and Marketing and Private Sector Fund-raising activities to maximize UNICEF income from the private sector;

(c) To establish policy guidelines for corporate partnerships for UNICEF.

**Table 3. Director's Office: actual expenditures for 1995,
1996 budget, 1996 latest estimates
and 1997 proposed budget**

(In thousand of United States dollars)						
Expenditures	1995 Actual a/	1996 Approved budget a/	1996 Latest estimates	1997 Proposed budget	Changes 1997 vs. 1996 latest estimates	
					\$	%
Variable staff costs						
Short-term assistance	29	2	2	2	-	-
Staff training	6	5	1	3	2	200.0
Other variable staff costs b/	-	2	2	2	-	-
Total variable staff costs	35	9	5	7	2	40.0
Variable non-staff costs						
Travel	47	65	72	55	(17)	(23.6)
Workshop and conference	-	-	-	-	-	-
Communications and courier services	15	15	15	10	(5)	(33.3)
Office supplies	1	1	1	1	-	-
Furniture and office equipment	1	1	1	1	-	-
Other variable non-staff costs c/	7	7	4	5	1	25.0
Total variable non-staff costs	71	89	93	72	(21)	(22.6)
Fixed staff costs						
International Professional staff	363	208	182	130	(52)	(28.6)
General Service staff	288	180	160	86	(96)	(63.3)
Total non-staff costs	651	388	332	186	(147)	(44.3)
Fixed non-staff costs						
Office rent and maintenance	106	60	46	25	(21)	(45.7)
Total fixed non-staff costs	106	60	46	25	(21)	(45.7)
Total expenses	863	516	476	289	(187)	(39.3)
Less allocation						
Product Line and Marketing	497	272	261	159	(102)	(39.0)
Private Sector Fund-raising	366	244	215	130	(85)	(39.5)
Total expenses after allocation	-	-	-	-	-	-

a/ The comparative figures for 1995 and 1996 were restated to conform with the 1997 presentation.

b/ Overtime.

c/ Miscellaneous supplies and services, hospitality.

B. 1997 strategies

24. The strategy for achieving the above objectives is to implement C&L recommendations specifically related to the GCO structure, joint work planning with National Committees and frequent monitoring of performance against plans, and maximizing return on investment with proactive planning on the use of investment funds.

C. Analysis of 1997 proposed budget

25. Total operating expenses are projected at \$0.3 million for the eight-month 1997 fiscal period, a decrease \$0.2 million, or 39.3 per cent when compared to the 1996 latest estimates (see table 3).

III. PRODUCT LINE AND MARKETING

A. Introduction

26. The year 1996 was one of transition for the Product Line and Marketing Group, which worked closely with the C&L consultants analysing work processes, product lines and distribution channels. Moreover, the course was set for a more concise and authoritative product line presented in a brochure which appropriately showcased a rejuvenated overall offer.

27. The 1996 latest estimates are below the approved budget in both volume and gross proceeds; however, they represent increases over the 1995 actual results. The volume of card sales is projected to increase from 158 million to 162 million cards. Gross proceeds are projected to increase from \$166.5 million to \$168.5 million, the latter in spite of the negative impact of the substantially strengthened United States dollar.

28. The following are the key initiatives GCO started during 1996 for the 1997 and 1998 campaigns:

(a) Introducing the "Sweetener" line and testing a new direct mail brochure in France and Germany for the 1997 campaign I and its expansion to seven key European markets and testing in the retail distribution channel in Canada for the 1997 campaign II;

(b) Testing the 1998 "New Look" line card designs and direct mail brochure in Brazil, Canada, Japan and the United States for the 1998 campaign II;

(c) Reducing the GCO card and product offer based on sales history, sales trends, consumer research and profitability;

(d) Changing product development methodology - Art Committee and the Greeting Card Workshop voting on individual designs is abolished;

(e) Increasing the focus and support to National Committees in key markets;

(f) Testing initiatives to sell obsolete inventory without cannibalizing sales of the new line;

(g) Introducing the "New Look" line and new direct mail brochure to all markets for the 1998 campaign;

(h) Reinvigorating and developing the UNICEF brand name globally through a more concentrated and harmonized product and product support strategy.

B. 1997 objectives

29. The objectives of Product Line and Marketing are to achieve:

(a) Card sales volume of 166 million cards;

(b) Gross proceeds of \$174.0 million;

(c) Net operating income of \$82.9 million (before MDP).

C. 1997 strategies

30. GCO will, by working with its key markets, employ the following strategies to achieve the above objectives, taking into account the recommendations of the C&L study:

(a) To focus on key and high potential markets (Germany, France, Italy, Spain, Switzerland, the Netherlands, the United Kingdom, the United States, Canada and Japan);

(b) To streamline the product mix and offer the card and product line as a targeted and cohesive concept and to do so based on consumer research and financial analysis;

(c) To concentrate on and improve the contribution to GCO from its three main distribution channels, including the testing of new initiatives in these distribution channels; and to test other commercial channels, especially in the United States;

(d) To create new direct mail communication concepts geared towards younger consumer groups, year-round occasions and thematic orientation based on consumer buying behaviour;

(e) To restructure work processes and improve organizational capabilities.

D. Central and Eastern European National Committees Development Programme

31. The 10 countries under the Central and Eastern European National Committees Development Programme are projecting card sales of 7 million and \$3.6 million in gross proceeds for 1996, representing increases of 12.9 and 12.5 per cent, respectively, over 1995 actuals.

32. The 1997 objectives include card sales of 7.4 million and gross proceeds of \$3.5 million, an increase of 5.7 per cent in volume, but a decrease of 2.8 per cent in gross proceeds over the 1996 latest estimates (impact of unfavourable exchange rates).

E. Market Development Programme

33. In 1995, a total of 36 projects were approved for funding from MDP. Projects were submitted by 15 National Committees. The financial investment of GCO in these projects was \$2.2 million, which helped to generate additional gross proceeds of approximately \$7.0 million.

34. Some of the successful projects included a card sales telemarketing project implemented by the French Committee for UNICEF. Through the use of telemarketing techniques, card sales to the business sector increased by 0.6 million cards, raising incremental gross proceeds of \$0.7 million. Another project was conducted by the German Committee for UNICEF. A personalized leaflet was mailed to prospects in the business sector, resulting in additional card sales of 0.5 million cards and incremental gross proceeds of \$0.6 million. The Australian Committee for UNICEF continued (year two) an MDP-funded project using direct mail techniques targeted at Australian corporations. As a result of this initiative, 0.3 million cards were sold, raising additional revenues of \$0.3 million.

35. In 1996, a total of 30 projects submitted by 13 National Committees were approved for funding. The financial investment of GCO in these projects as of the end of February 1997 is \$1.9 million, and the gross proceeds from these projects are estimated at \$10.3 million. In addition, there are proposals which are currently under review for approval.

36. For the 1997 work plan, MDP funding of \$3.0 million is proposed. The emphasis of the proposed projects for 1997 will be based on the previously successful MDP campaigns, including building consumer awareness of UNICEF cards and products through advertising campaigns, telemarketing campaigns to the corporate sector and sales expansion through channel development in retail and direct mail and database marketing development.

F. Analysis of 1997 proposed budget

37. Gross proceeds from product sales for 1997 are expected to range from a low of \$170.0 million to a high of a \$178.0 million (see annex I). The medium projection is \$174.0 million, an increase of \$5.5 million (3.3 per cent) over the 1996 latest estimates.

38. Sales volume for 1997 is projected at 166 million cards, an increase of 4 million cards (2.5 per cent) over the 1996 latest estimates (see table 4). Annex II summarizes the 1997 card sales volume forecast for each major market by GCO sales region, compared with the 1996 budget, the latest estimates for 1996 and 1993-1995 actual.

Table 4. Product Line and Marketing Group:

Income and expenditures for 1995 actual,
1996 budget, 1996 latest estimates
and 1997 proposed budget

	1995 Actual a/	%	1996 Approved budget a/	%	1996 Latest estimates	%	1997 Proposed budget	%	Changes 1997 versus 1996 latest estimates	
Card sales volume (millions)	188		188		182		188		4	2.8
(In thousands of United States dollars)										
Gross proceeds	188,488	100	174,000	100	188,500	100	174,000	100	8,500	3.3
Less: National Committees' retention	38,386	21.3	37,089	21.3	38,989	21.4	37,930	21.8	1,941	5.4
Commissions paid by field offices	1,903	1.1	2,641	1.5	2,411	1.4	2,470	1.4	89	2.4
Net proceeds	129,177	77.6	134,300	77.2	130,100	77.2	133,600	76.8	3,500	2.7
Direct production costs	21,889	13.1	25,658	14.7	25,000	14.8	26,391	15.2	1,391	5.6
Indirect production costs										
Plant/shipping/warehouse/storage regional support centres	3,785		4,912		4,924		3,498		(1,426)	(29.0)
Freight from GCO warehouse	1,641		2,035		2,042		1,400		(642)	(31.8)
Duties and taxes	1,918		1,915		1,915		1,812		(103)	(5.4)
Promotional materials	6,245		7,980		7,973		8,142		169	2.1
Total indirect production costs	13,589	8.2	16,842	9.7	16,854	10.0	14,852	8.5	(2,002)	(11.9)
Variable staff costs										
Short-term assistance	391		511		543		312		(231)	(42.5)
Staff training	28		50		50		50		-	-
Other variable staff costs b/	9		1		1		20		19	1,900.0
Total variable staff costs	428	0.3	562	0.3	594	0.4	382	0.2	(212)	(35.7)
Variable non-staff costs										
Travel	308		374		370		241		(129)	(34.9)
Workshop and conference	177		293		265		241		(24)	(9.1)
Communications and courier services	172		250		235		177		(58)	(24.7)
Office supplies	24		36		33		25		(8)	(24.2)
Furniture and office equipment	32		79		72		33		(39)	(54.2)
Rent & maintenance of furniture and office equipment	-		-		-		18		18	100.0
Computer equipment and computer supplies	-		44		51		42		(9)	(17.6)
Rent and maintenance of computers	-		2		-		1		1	100.0
Other variable non-staff costs c/	89		73		63		43		(20)	(31.7)
Total variable non-staff costs	770	0.5	1,151	0.7	1,089	0.6	821	0.5	(268)	(24.6)
Fixed staff costs										
International Professional staff	2,851		3,499		3,381		2,315		(1,034)	(30.9)
General Service staff	2,488		2,985		2,884		1,847		(1,037)	(36.0)
Allocations Market research staffing to PSFR	(291)		(351)		(258)		(174)		84	(32.6)
Total fixed staff costs	8,058	3.0	8,133	3.5	8,977	3.5	3,988	2.3	(1,989)	(23.3)
Fixed non-staff costs										
Office rent and maintenance	896		777		721		432		(389)	(40.1)
Fixed non-staff costs	896	0.4	777	0.4	721	0.4	432	0.2	(389)	(40.1)
Research and development costs	782	0.5	1,221	0.7	1,055	0.6	1,338	0.8	280	26.5
Field offices' expenses	4,784	2.9	4,170	2.4	4,125	2.4	3,788	2.2	(387)	(9.9)
Regional support centres' expenses	1,480	0.9	733	0.4	742	0.4	884	0.4	(48)	(6.5)
Total expenses	46,374	29.7	57,247	32.9	56,157	33.3	52,883	30.3	(3,264)	(5.8)
Add: Other income	8,321	8.6	7,800	4.3	7,800	4.6	7,800	4.3	-	-
Provision for doubtful accounts	647	0.3								
Net operating income before allocation	87,577	52.6	84,553	48.6	81,443	48.3	88,447	50.8	7,004	8.6
Less: Allocation of operating costs										
Director's Office	497		272		281		189		(102)	(39.0)
Operations and Finance	5,577		7,524		7,736		5,378		(2,358)	(30.8)
Net operating income after allocation	81,503	48.0	76,757	44.1	73,446	43.6	82,910	47.8	9,464	12.9
Less: MDP	2,199		4,000		3,912		3,000		(912)	(23.3)
Net operating income after allocation and MDP	79,304	47.6	72,757	41.8	69,534	41.3	79,910	48.9	10,376	14.9

a/ The comparative figure for 1995 and 1996 were restated to conform with the 1997 presentation.

b/ Overtime.

c/ Miscellaneous supplies and services, subscriptions, advocacy materials, complimentary cards, insurance, legal fees, hospitality.

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39. The net proceeds for 1997 are projected at \$133.6 million, \$3.5 million (2.7 per cent) higher than the 1996 latest estimates. This is after the amounts retained by National Committees (\$37.9 million) and commissions paid to consignees by UNICEF field offices (\$2.5 million).

40. Other income for 1997 is projected at the level of the 1996 latest estimates, i.e., \$7.5 million. This includes royalties from the sale of licensed products, donations generated from brochures and order forms, bank interest and discounts realized on purchases.

41. Total expenses for the Product Line and Marketing Group, excluding MDP but including commissions paid by UNICEF field offices, are projected at \$55.1 million for the eight-month 1997 fiscal period, a decrease of \$3.5 million, or 6.0 per cent when compared with the 1996 latest estimates.

42. The net operating income (after the allocation of operating costs and excluding MDP) for the eight-month 1997 fiscal period is projected at \$82.9 million (47.6 per cent of gross proceeds), an increase of \$9.5 million, or 12.9 per cent over the 1996 latest estimates.

IV. PRIVATE SECTOR FUND-RAISING

A. Introduction

43. The year 1996 has been one of change for several National Committees and for the Private Sector Fund-raising Group:

(a) Several National Committees underwent major management or fund-raising department reorganizations;

(b) The Special Projects Section and the Celebrities and Events Unit were transferred from GCO to the newly formed Division of Communication.

44. Fierce competition for donor contributions in many countries and the strengthened value of the United States dollar, as well as external factors such as postal service strikes, have negatively impacted the income raised.

45. Despite this challenging environment, GCO partners in key fund-raising markets managed to maintain or slightly increase their income in local currency. UNICEF financial support in the areas of research and development and FDP was instrumental in achieving those results.

46. Breakthroughs were achieved in some countries, including Austria, the Philippines, Portugal and Thailand, as well as in the area of international partnerships such as Change for Good, Check-out-for-Children with ITT Sheraton Hotels and Round-up for Children with Inter-Continental Hotels worldwide.

B. 1997 objectives

47. The objectives of Private Sector Fund-raising are to achieve:

(a) Net proceeds of \$216.1 million (general resources of \$118.8 million and supplementary funds of \$97.3 million);

(b) Net operating income before FDP of \$106.8 million for general resources.

C. 1997 strategies

48. GCO will achieve those objectives through the following strategies and by working with all partners:

- (a) In line with the C&L study, to:
 - (i) Evaluate the long-term private sector fund-raising income potential and establish fund-raising priorities by market based on an in-depth country-by-country analysis;
 - (ii) Focus GCO human and financial resources on key markets and on key fund-raising priorities in each market;
 - (iii) Provide long-term policy and procedures for corporate partnerships;
- (b) To create a feeling of "proud to give" and "proud to belong to a worthwhile international organization" among the donors;
- (c) To strengthen cooperation among UNICEF and its key partners by facilitating share-and-compare experiences, training workshops and other capacity-building opportunities;
- (d) To establish key performance indicators for benchmarking and monitoring performance;
- (e) To intensify efforts on key fund-raising techniques such as international mailings, monthly pledges, coherent house list fund-raising and legacies as well as the use of volunteers in various fund-raising activities;
- (f) To provide leadership for testing and rolling out new and/or expanding international fund-raising initiatives and international corporate fund-raising partnerships;
- (g) To simplify direct mail test packages and link them directly with UNICEF development activities in order to obtain more committed donors with optimal cost-effectiveness, thereby achieving long-term income stability;
- (h) To service partners through the centralized production of key fund-raising support materials such as technical kits, premiums, direct marketing advertisements and packages;
- (i) To increase synergy between the Product Line and Marketing and Private Sector Fund-raising Groups in the areas of brand management, market research and database management.

D. Fund-raising Development Programme

49. The 1994 Executive Board extended FDP for an additional five years (E/ICEF/1994/13/Rev.1, decision 1994/A/9 C.2) because of its success and invaluable support to GCO partners. The support given covers a variety of

initiatives, concentrating mainly on prospecting campaigns in order to increase the National Committee and UNICEF field office donor lists. Due to increased competition and higher costs, several National Committees find it difficult to break even during the first year of a prospecting campaign and need extensive FDP support to expand their donor lists and remain within the retention rate clause set forth in the Recognition Agreement.

50. For the fiscal year 1996, the Executive Board approved \$7.8 million for FDP. As of 28 February 1997, \$6.5 million had already been committed, with applications in approval process amounting to \$0.9 million. Seventeen National Committees and four UNICEF field offices (including applications in process) benefited from FDP support in 1996, funding 26 fund-raising campaigns in total.

51. Based on the encouraging results from FDP investments to date, GCO proposes a budget of \$7.8 million for 1997, the same as in 1996. This will facilitate the funding opportunities for expanding and increasing the income generation of donor constituencies which may not be implementable without FDP.

E. Analysis of 1997 proposed budget

52. Net proceeds from UNICEF private sector fund-raising activities for 1997 are projected at \$216.1 million, of which \$118.8 million are for general resources and \$97.3 million for supplementary funds (see table 5). The general resources component of that amount represents an increase of \$5.7 million (5.1 per cent) over the 1996 latest estimates. Detailed projections for 1997 compared with the 1996 latest estimates of net proceeds by country are presented in annex III.

53. Total expenses for the Private Sector Fund-raising Group (excluding FDP, but including house list appeal costs) are projected at \$7.9 million for the eight-month 1997 fiscal period, a decrease of \$1.9 million, or 19.4 per cent when compared to the 1996 latest estimates.

54. The net operating income (after the allocation of operating costs and excluding FDP) for the 1997 fiscal period is projected at \$204.1 million (\$106.8 million for general resources and \$97.3 million for supplementary funds), an increase of \$13.1 million, or 6.9 per cent when compared to the 1996 latest estimates. The \$106.8 million for general resources represent an increase of \$9.6 million (9.9 per cent) over the 1996 latest estimates.

**Table 5. Private Sector Fund - raising Group:
Income and expenditures for 1995 actual,
1996 budget, 1996 latest estimates
and 1997 proposed budget**

(In thousands of United States dollars)										
	1995 Actual	%	1996 Budget	%	1996 Latest estimates a/	%	1997 Proposed budget	%	Changes 1997 vs. 1996 latest estimates	
Net proceeds (general resources)	100,711	100	130,000	100	113,070	100	118,800	100	5,730	5.1
Variable staff costs										
Short-term assistance	50		84		91		8		(86)	(94.5)
Staff training	28		50		50		33		(17)	(34.0)
Total variable staff costs	78	0.1	134	0.1	141	0.1	38	0.0	(103)	(73.0)
Variable non-staff costs										
Travel	201		248		217		144		(73)	(33.6)
Workshop and conference	10		30		30		16		(16)	(50.0)
Communications and courier services	99		145		142		76		(67)	(47.2)
Office supplies	46		72		64		9		(46)	(83.3)
Furniture and office equipment	50		9		6		2		(4)	(66.7)
Rent & maintenance of furniture and office equipment	30		31		23		4		(19)	(82.6)
Computer equipment and supplies	-		84		47		18		(29)	(61.7)
Rent & maintenance of computers	-		2		2		1		(1)	(50.0)
Other variable non-staff costs b/	140		166		177		188		11	6.2
Total variable non-staff costs	556	0.5	767	0.6	696	0.6	466	0.4	(242)	(34.7)
Fixed staff costs										
International Professional staff	1,788		1,915		1,729		974		(755)	(43.7)
General Service staff	1,025		1,153		1,037		651		(386)	(37.2)
Allocation market research	281		361		258		174		(84)	(32.6)
Total fixed staff costs	3,094	3.1	3,419	2.6	3,024	2.7	1,799	1.5	(1,225)	(40.6)
Fixed non-staff costs										
Office rent and maintenance	362		409		349		166		(193)	(55.3)
Total fixed non-staff costs	362	0.3	409	0.3	349	0.3	166	0.1	(193)	(55.3)
Research and development costs	1,132	1.1	1,514	1.4	1,724	1.5	2,070	1.7	346	20.1
Field offices' expenses	1,594	1.6	2,331	1.8	2,319	2.1	1,995	1.7	(324)	(14.0)
Regional support centres' expenses	1,003	1.0	842	0.6	977	0.9	885	0.7	(92)	(9.4)
Total expenses	7,818	7.8	9,706	7.5	9,232	8.2	7,399	6.2	(1,833)	(19.9)
Net operating income before allocation	92,893	92.2	120,294	92.6	103,838	91.8	111,401	93.8	7,563	7.3
Less: Allocation of operating costs										
Director's Office	306		244		216		130		(86)	(39.6)
Operations and Finance	4,147		6,900		6,424		4,436		(1,988)	(30.9)
Net operating income after allocation	88,390		113,160		97,199		106,835		9,636	9.9
Less: FDP	6,978		7,800		7,800		7,804		4	0.1
Less: Special projects/exhibits	165		205		137		-		(137)	(100.0)
Net operating income after allocation, FDP and Special projects/exhibits	81,244	80.7	105,145	80.9	89,262	78.9	99,031	83.4	9,769	10.9
Add: Supplementary funds contributions	103,617		125,111		94,409		97,767		3,348	3.5
Less: House list - appeal costs	-		790		610		495		(116)	(18.9)
Total supplementary funds contributions (net)	103,617		124,321		93,799		97,262		3,463	3.7
Net operating income including supplementary funds	184,861		229,466		183,061		196,293		13,232	7.2

a/ In accordance with Executive Board decision 1997/4, SGO transferred \$2.5 million to headquarters and regional offices' budget for the biennium 1996-1997.

b/ Miscellaneous supplies and services, subscriptions, on-line services, advocacy materials, programme materials, hospitality.

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V. OPERATIONS AND FINANCE

A. Introduction

55. During 1996, the planned migration of GCO application systems from WANG VS to another platform was deferred pending the decision on an overall UNICEF system.

56. In 1997, GCO will participate in the UNICEF-wide migration from its existing systems to the Programme Manager System (PROMS) at UNICEF field offices and the new financial system at headquarters.

57. In order to better service partners, GCO will establish a condensed product development and production cycle, introducing "production to order" and demand forecasting. While helping to improve customer service, this will also help to reduce the exposure of GCO to inventory accumulation, increase the inventory turnover ratio and improve the return on investment on inventory.

58. The Operations and Finance Group will participate in the implementation of the C&L study recommendations by strengthening business processes and production and operation procedures, and initiate joint work planning with key partners.

B. 1997 objectives

59. The objectives of Operations and Finance are:

(a) To provide financial, operational and information support to management and other functional groups within GCO;

(b) To further improve customer service to GCO partners in a cost-efficient manner.

C. 1997 strategies

60. The strategies to achieve the above objectives are:

(a) To develop and establish a performance monitoring mechanism for key partners within GCO to receive, analyse and compare actual results against plan and provide management with timely information;

(b) To streamline the work plan and budget preparation package for 1998 as well as to establish the proper definition of accountabilities and responsibilities through strengthened joint work planning with National Committees;

(c) To provide financial analysis of GCO strategies of both Product Line and Marketing and Private Sector Fund-raising Groups;

(d) To review and update existing production standards with a view to reducing excess inventories; and to initiate a change from "producing to inventory" to "production on demand" with the objective of improving inventory turnover, the cost of goods ratio and the quality of inventory;

Table 6. Operations and Finance Group:
expenditures for 1995 actual, 1996 budget,
1996 latest estimates and 1997 proposed budget

(In thousands of United States dollars)						
Expenditures	1995 Actual	1996 Budget	1996 Latest estimates	1997 Proposed budget	Changes	
					1997 versus 1996 latest estimates	
					\$	%
Variable staff costs						
Short-term assistance	539	542	611	528	(83)	(13)
Staff training	51	116	105	85	(20)	(19)
Other variable staff costs a/	44	44	59	42	(17)	(28)
Total variable staff costs	634	702	775	655	(120)	(15)
Variable non-staff costs						
Travel	255	334	327	246	(81)	(24)
Workshop and conference	12	30	32	6	(26)	(81)
Communications and courier services	197	374	377	264	(113)	(30)
Office supplies	105	113	103	79	(24)	(23)
Furniture and office equipment	129	50	49	40	(9)	(18)
Rent & maintenance of furniture and office equipment	130	147	127	72	(55)	(43)
Computer equipment and computer supplies	62	301	307	271	(36)	(11)
Rent & maintenance of computers	84	416	285	117	(168)	(58)
Computer software development	377	680	693	606	(87)	(12)
Other variable non-staff costs b/	122	313	273	249	(24)	(8)
Total variable non-staff costs	1,473	2,758	2,573	1,950	(623)	(24)
Fixed staff costs						
International Professional staff	4,606	4,422	4,208	2,839	(1,369)	(32)
General Service staff	1,655	3,456	3,428	2,194	(1,234)	(36)
Total fixed staff costs	6,261	7,878	7,636	5,033	(2,603)	(34)
Fixed non-staff costs						
Office rent and maintenance	966	1,073	1,112	740	(372)	(33)
Depreciation	290	532	407	120	(287)	(70)
Other fixed non-staff costs c/	105	120	172	190	18	10
Total fixed non-staff costs	1,361	1,725	1,691	1,050	(641)	(37)
Research and development costs	5	15	17	12	(5)	(29)
Field offices' expenses	-	-	-	-	-	-
Regional support centres' expenses	-	1,346	1,468	1,114	(354)	(24)
Total expenses before allocation	9,724	14,424	14,160	9,814	(4,346)	(30)
Less: allocation						
Product Line and Marketing	5,577	7,524	7,736	5,378	(2,358)	(30)
Private Sector Fund-raising	4,147	6,900	6,424	4,436	(1,988)	(30)
Total expenses after allocation	-	-	-	-	-	-

a/ Staff welfare and overtime.

b/ Miscellaneous supplies and services, subscriptions, insurance, legal fees, external audit.

c/ Payments to UNICEF.

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(e) To modify financial procedures starting with the 1997 GCO fiscal period for recognizing income from product sales based on estimates necessitated by the change in the GCO fiscal year;

(f) To facilitate the migration of existing GCO systems to PROMS at UNICEF field offices and to the new financial system at headquarters.

D. Analysis of 1997 proposed budget

61. Total expenses for the Operations and Finance Group are projected at \$9.8 million for the 1997 fiscal period, a decrease of \$4.4 million, or 30.7 per cent when compared to the 1996 latest estimates (see table 6).

VI. REGIONAL SUPPORT CENTRES AND UNICEF FIELD OFFICES

A. Introduction

62. Gross proceeds generated by UNICEF field offices from GCO activities in 1996 are projected at \$34.7 million, with costs estimated at \$18.8 million (excluding FDP), resulting in a net income of \$15.9 million (including other income of \$0.1 million).

63. Based on the established criteria for priority country status, 13 countries are now in the category of "priority country". To date, UNICEF has obtained government approval in 10 of those countries to carry out private sector fund-raising activities in addition to product sales.

B. 1997 objectives

64. The objectives are:

(a) To provide support, assistance and training to priority countries in technical aspects of GCO-related activities;

(b) To achieve:

(i) Card sales of 28.5 million;

(ii) Gross proceeds of \$22.6 million from product sales and net proceeds of \$15.7 million from private sector fund-raising.

C. 1997 strategies

65. The strategies to achieve the above objectives are:

(a) To develop regional strategies for product mix, distribution and pricing for product sales and direct appeal, donor acquisition and corporate appeal for private sector fund-raising activities, taking into account relevant recommendations of C&L;

(b) To increase the focus on key markets with identified strong potential;

(c) To obtain government approval to carry out private sector fund-raising activities, where still outstanding;

(d) To provide support and monitor implementation of the 1997 work plan and budget and to strengthen internal controls and procedures to facilitate closer monitoring of income and expenditures;

(e) To increase prices to eventually reach the world base price of \$8.50;

(f) To prepare for the introduction of the "New Look" line to major markets in 1998;

(g) To organize regional workshops for product sales and private sector fund-raising activities to review 1996 results, establish strategies, provide training and support to achieve 1997 objectives.

D. Analysis of 1997 proposed budget

66. For 1997, UNICEF field offices are projected to generate \$38.8 million in gross proceeds (\$22.6 million from product sales and \$16.2 from private sector fund-raising), an increase of \$4.1 million (11.7 per cent) over the 1996 latest estimates (see table 7). Of this increase, \$2.1 million, or 10.2 per cent, are projected from product sales, and \$2.0 million, or 14.1 per cent, from private sector fund-raising.

67. Sales volume for 1997 is projected at 28.5 million cards, an increase of 0.6 million cards (2.1 per cent) over the 1996 latest estimates.

68. Total operating expenses for UNICEF field offices and the GCO regional support centres are projected at \$8.4 million for the 1997 fiscal period, a decrease of \$1.2 million, or 12.5 per cent when compared to the 1996 latest estimates.

69. For the 1997 fiscal period, the net operating income from UNICEF field offices from both product sales and private sector fund-raising prior to investment in FDP is projected at \$21.5 million, an increase of \$5.6 million, or 35.2 per cent over the 1996 latest estimates. Of this increase, \$2.7 million is attributable to product sales and \$2.5 million to private sector fund-raising activities, coupled with a reduction in expenditures of the Operations and Finance Group by \$0.4 million.

Table 7. Regional support centres and UNICEF field offices :
 Income and expenditures for 1995 actual, 1996 budget,
 1996 latest estimates and 1997 proposed budget

(In thousands of United States dollars)												
	1995 Actual	1996 Budget	1996 Latest estimates				1997 Proposed budget				Changes 1997 vs. 1996 latest estimates	
			PLM	PSFR	O&F	Total	PLM	PSFR	O&F	Total	\$	%
Volume of card sales	26,649	29,500	27,869	-	-	27,869	28,464	-	-	28,464	895	2.1
Gross proceeds	30,789	41,747	20,524	14,216	-	34,740	22,819	16,192	-	38,811	4,071	11.7
Less: Commissions paid to consignees	1,903	2,641	2,411	-	-	2,411	2,470	-	-	2,470	89	2.4
Less: PSFR house list - appeal costs	-	790	-	610	-	610	-	486	-	486	(118)	(18.9)
Net proceeds	28,886	38,316	18,113	13,606	-	31,719	20,349	16,697	-	35,846	4,127	13.0
Direct costs of goods delivered	4,325	5,033	4,927	-	-	4,927	4,891	-	-	4,891	(38)	(0.7)
Indirect costs	178	22	29	-	-	29	-	-	-	-	(29)	(100.0)
Freight from GCO warehouses	603	807	807	-	-	807	624	-	-	624	(183)	(22.7)
Duties and taxes	10	-	-	-	-	-	12	-	-	12	12	100.0
Promotional materials	487	580	512	-	-	512	519	-	-	519	7	1.4
Total costs of goods delivered	5,603	6,442	6,275	-	-	6,275	6,046	-	-	6,046	(229)	(3.6)
Operating expenses:												
Variable selling costs - field offices												
Freight - Internal	277	241	213	-	-	213	236	-	-	236	23	10.8
Storage	217	206	229	-	-	229	139	-	-	139	(90)	(39.3)
Promotional materials	118	142	138	-	-	138	161	-	-	161	23	16.7
Total variable selling costs - field offices	612	589	580	-	-	580	536	-	-	536	(44)	(7.6)
Variable staff costs												
Short-term assistance	1,136	1,248	885	438	34	1,357	760	311	29	1,999	(258)	(19.0)
Staff training	-	83	14	31	8	53	22	22	16	54	1	1.9
Other variable staff costs a/	38	44	28	4	8	40	24	8	8	34	(6)	(15.0)
Total variable staff costs	1,174	1,355	927	473	50	1,450	806	339	43	1,987	(263)	(18.1)
Variable non-staff costs												
Travel	300	339	162	97	77	336	144	168	68	318	(18)	(5.4)
Workshop and conference	46	55	49	7	6	62	40	29	7	76	14	22.6
Communications and courier services	279	317	229	83	51	363	188	80	33	290	(83)	(22.9)
Office supplies	190	129	78	24	8	110	68	18	8	99	(21)	(19.1)
Furniture and office equipment	226	136	112	26	14	152	85	23	68	168	13	8.6
Rent & maintenance of furniture and office equipment	64	29	30	24	13	67	25	13	6	44	(23)	(34.3)
Computer equipment and computer supplies	-	98	47	38	11	96	63	36	24	128	29	30.2
Rent & maintenance of computers	-	17	2	18	-	17	10	10	2	22	5	29.4
Computer software development	-	14	2	8	3	13	1	34	4	29	18	123.1
Other variable non-staff costs b/	451	194	180	22	6	208	196	14	7	217	9	4.3
Total variable non-staff costs	1,556	1,328	891	344	189	1,424	818	338	212	1,388	(98)	(4.1)
Fixed staff costs												
International Professional staff	1,428	1,134	201	322	786	1,309	170	218	988	961	(368)	(27.3)
National Professional staff	1,323	1,600	780	893	124	1,497	850	434	89	1,173	(324)	(21.8)
General Service staff	1,155	1,059	599	191	269	1,059	830	237	137	994	(158)	(14.6)
Total fixed staff costs	3,906	3,793	1,580	1,106	1,179	3,865	1,350	687	791	3,028	(837)	(21.7)
Fixed non-staff costs												
Office rent and maintenance	484	402	341	50	50	541	277	67	68	402	(39)	(8.8)
Depreciation	-	30	9	-	-	9	8	8	10	20	11	122.2
Total fixed non-staff costs	484	432	350	50	50	450	285	75	78	422	(28)	(6.3)
Research and development	1,139	1,926	539	1,323	-	1,862	860	1,248	-	1,868	46	2.5
Total operating expenses	8,871	9,423	4,867	3,296	1,468	9,631	4,482	2,880	1,114	8,446	(1,185)	(12.3)
Other income	353	146	115	-	-	115	155	-	-	165	40	34.6
Bad debts	255	-	-	-	-	-	-	-	-	-	-	-
Net operating income before FDP	14,510	22,597	7,086	10,310	(1,468)	15,928	9,808	12,817	(1,114)	21,809	5,881	35.0
Percentage of gross proceeds	47.1	54.1	34.5	72.5	-	45.8	43.4	79.2	-	56.4	11.6	26.8
Less: FDP	985	2,400	-	1,598	-	1,598	-	1,884	-	1,884	89	3.8
Net operating income after FDP	13,525	20,197	7,086	8,712	(1,468)	14,330	9,808	11,933	-	19,893	5,525	38.6
Percentage of gross proceeds	43.9	48.4	34.5	61.3	-	41.2	43.4	68.9	-	51.2	9.0	21.2
Summary of expenditures:												
Commissions/house list - appeal costs	1,903	3,431	2,411	810	-	3,021	2,470	486	0	2,968	(96)	-2.4
Cost of goods delivered	5,603	6,442	6,275	-	-	6,275	6,046	-	-	6,046	(229)	(3.6)
Total operating expenses - (variable costs, fixed costs, research and development)	8,871	9,423	4,867	3,296	1,468	9,631	4,482	2,880	1,114	8,446	(1,185)	(12.3)

PLM = Product Line and Marketing; PSFR = Private Sector Fund-raising; O&F = Operations and Finance.

a/ Overtime.

b/ Miscellaneous supplies and services, hospitality.

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VII. MEDIUM-TERM PLAN, 1998-2001

70. The GCO medium-term plan is based on the GCO mandate in its two income-generating areas, i.e., Product Line and Marketing and Private Sector Fund-raising.

71. Table 8 presents the medium-term plan for GCO for the period 1998-2001. The plan takes into account the C&L recommendations, market trends, previous years' financial results and strategic plans developed and implemented in cooperation with National Committees and UNICEF field offices.

72. The financial goals of GCO, as per the extrapolations for the medium-term plan, are to achieve the following by the year 2001:

(a) From product line and marketing:

(i) Card volume of 205 million;

(ii) Gross proceeds of \$202.5 million;

(iii) Net operating income (after the allocation of operating costs, but before MDP) of \$92.6 million;

(b) From private sector fund-raising:

(i) Net proceeds of \$262.5 million (\$144.3 million for general resources and \$118.2 million for supplementary funds);

(ii) Net operating income (after the allocation of operating costs, but before FDP) of \$244.6 million (\$126.4 million for general resources and \$118.2 million for supplementary funds);

(c) To generate net consolidated income for UNICEF from the private sector of \$324.6 million, comprising \$206.4 million for general resources and \$118.2 million for supplementary funds.

**Table 8. GCO medium-term plan:
1995 actual, 1996 budget, 1996 latest estimates, 1997 proposed and 1998-2001**

(In millions of United States dollars)						
	1995 Actual	1996 Budget ^{a/}	1996 Latest estimates	1997 Proposed ^{b/}	1998	1999
					Medium-term plan projections	
PRODUCT LINE AND MARKETING						
Gross proceeds	166.5	174.0	168.5	174.0	180.0	187.2
Less: Commissions (including retention)	37.3	38.7	38.4	40.4	41.8	44.9
Net proceeds	129.2	134.3	130.1	133.6	138.2	142.3
Less: Cost of goods delivered	38.5	42.5	41.8	41.3	42.3	44.0
Operating costs	13.9	14.8	14.3	11.4	13.5	14.0
Allocated operating costs	6.1	7.8	8.0	8.5	8.3	8.7
Provision for doubtful accounts	8.5	-	-	-	-	-
Add: Other Income - net	8.3	7.5	7.5	7.5	8.0	8.3
Net operating Income - Product Line and Marketing	81.8	76.7	73.4	82.9	82.1	86.8
PRIVATE SECTOR FUND-RAISING						
Net proceeds - general resources	160.7	130.0	113.1	118.8	124.7	131.0
Less: Operating costs	7.8	9.7	9.2	7.4	8.7	9.2
Allocated operating costs	4.5	7.1	6.7	4.6	6.6	6.9
Net operating Income - Private Sector Fund-raising ^{c/}	88.4	113.2	97.2	106.8	109.4	114.9
Net operating Income - consolidated	168.9	168.9	170.6	169.7	191.5	199.3
Non-operating expenses/adjustments:						
Less:						
Market Development Programme	2.2	4.0	3.9	3.0	3.0	3.5
Fund-raising Development Programme	7.0	7.8	7.8	7.8	8.0	8.0
Exchange rate adjustment	3.2	-	-	-	-	-
Prior years' adjustments	4.5	-	-	-	-	-
Exhibits and related costs	0.2	0.2	0.1	-	-	-
Office move-related costs	-	0.7	0.7	-	-	-
GCO share in UNICEF administrative costs	0.2	0.3	0.4	0.6	0.5	0.5
Central and Eastern European National Committees Development Programme	1.3	1.5	1.0	0.7	0.8	0.3
Net consolidated Income - general resources	151.3	175.4	156.7	177.8	179.5	186.8
Add: Supplementary funds - private sector fund-raising (net) ^{c/}	103.6	124.3	93.8	97.3	102.1	107.2
Net consolidated Income	254.9	299.7	250.5	274.9	281.6	294.0
Card sales volume (millions)	188	166	182	168	173	181
						208

a/ The comparative figures for 1995 and 1996 were revised to conform with the 1997 presentation.

b/ Due to a change in the GCO fiscal year, 1997 is a eight-month period from 1 May to 31 December 1997.

c/ Total private sector fund-raising income consists of income from general resources and supplementary funds. Supplementary funds income is shown net of house flat appeal costs. In accordance with Executive Board decision 1997/4, GCO transferred \$0.5 million to headquarters and regional offices' budget for the biennium 1998-1997.

d/ The comparative figures for 1995 and 1996 were revised to conform with the 1997 presentation.

VIII. DRAFT RECOMMENDATIONS

73. The draft recommendations for Executive Board approval relating to the GCO budget for 1 May to 31 December 1997 are presented below.

A. Greeting Card and related Operations budgeted expenditures for the 1997 season

The Executive Board

1. Approves for the fiscal period 1 May to 31 December 1997 budgeted expenditures of \$85.3 million as detailed below and summarized in column II of annex I to document E/ICEF/1997/AB/L.8:

(In millions of
United States dollars)

Director's Office	0.3
Product Line and Marketing	55.2
Private Sector Fund-raising	7.9
Operations and Finance	<u>9.8</u>
Subtotal	<u>73.2</u>
Non-operating expenses:	
Market Development Programme	3.0
Fund-raising Development Programme	7.8
GCO share in UNICEF administrative costs	0.6
Central and Eastern European National Committees Development Programme	<u>0.7</u>
Subtotal	<u>12.1</u>
Total expenditures, consolidated a/	<u>85.3</u>

2. Authorizes the Executive Director:

(a) To incur expenditures as summarized in column II of annex I to document E/ICEF/1997/AB/L.8 and to increase the expenditures up to the level indicated in column III of annex I to the same document, should the apparent net proceeds from product sales and/or private sector fund-raising increase to the levels indicated in column III of annex I, and, accordingly, to reduce expenditures below the level indicated in column II to the extent necessary, should the net proceeds decrease;

(b) To transfer funds when necessary between the various budgets as detailed above;

(c) To spend an additional amount between Executive Board sessions, when necessary, owing to currency fluctuations, to ensure the continued operation of GCO.

a/ For details, see table 2.

B. Budgeted income for the 1997 season

The Executive Board

Notes that for the fiscal period 1 May to 31 December 1997, GCO net proceeds are budgeted at \$259.9 million as shown in column II of annex I to document E/ICEF/1997/AB/L.8.

C. Policy issues

The Executive Board

1. **Approves** the changes in posts with a net decrease of nine posts as indicated in annexes IV and VI of document E/ICEF/1997/AB/L.8;
2. **Renews** MDP with \$3.0 million established for 1997;
3. **Renews** FDP with \$7.8 established for 1997;
4. **Renews** the Central and Eastern European National Committees Development Programme, which includes 10 countries, with a budget of \$0.7 million established for 1997;
5. **Authorizes** the Executive Director to incur expenditures in the 1997 fiscal period related to cost of goods delivered (production/purchase of raw materials, cards and other products) for the 1998 fiscal year up to \$42.3 million as indicated in the GCO medium-term plan (see table 8 of document E/ICEF/1997/AB/L.8).

Annex I
RANGE OF BUDGETED INCOME AND EXPENDITURES
FOR THE FISCAL YEAR 1 MAY - 31 DECEMBER 1997

(In millions of United States dollars)			
	I Low projection	II Medium projection	III High projection
<i>Budgeted income</i>			
Gross proceeds - GCO products (table 1)	170.0	174.0	178.0
Deduct: National Committees' retention	37.0	37.9	38.8
Net proceeds	133.0	136.1	139.2
Add: Other income - net (table 1)	6.5	7.5	8.5
Net proceeds - GCO products (table 1)	139.5	143.6	147.7
Private sector fund-raising (table 5)	113.0	118.8	124.0
Total net proceeds	252.5	262.4	271.7
<i>Budgeted expenditures</i>			
Director's Office (table 3)	0.3	0.3	0.3
Product Line and Marketing Group (table 4)	53.8	55.2	56.8
Market Development Programme (table 4)	3.0	3.0	3.0
Private Sector Fund-raising Group (table 5)	7.0	7.9	7.7
Fund-raising Development Programme (table 5)	7.8	7.8	7.8
Operations and Finance Group (table 6)	9.6	9.8	10.4
GCO share in UNICEF administrative costs (table 1)	0.6	0.6	0.6
Central and Eastern European National Committees Development Programme (table 1)	0.6	0.7	0.8
Total expenditures - consolidated (table 2)	82.7	85.3	87.4
Net consolidated income - general resources (table 1)	169.8	177.1	184.3
Add: Supplementary funds - private sector fund-raising (table 5)	91.0	97.8	103.0
<i>Net consolidated revenues - general resources and and supplementary funds</i>	260.8	274.9	287.3

Annex II
PRODUCT LINE AND MARKETING:
CARD SALES BY REGION, 1993 - 1997
NATIONAL COMMITTEES

(In thousands of cards)

Country/region	1993 Actual	1994 Actual	1995 Actual	1996 Budget	1996 Latest estimates	1997 Forecast		
						Low	Medium	High
Canada	5,188	4,941	4,537	5,000	5,000		4,308	
United States of America	8,666	9,050	9,168	9,500	9,885		10,800	
Subtotal	13,854	13,991	13,705	14,500	14,885		15,108	
Less: Adjustment								
Total North America - Region I	13,854	13,991	13,705	14,500	14,885	14,500	15,108	15,500
Hong Kong	830	878	703	920	764		800	
Japan	6,508	6,123	6,391	6,700	6,900		7,200	
Republic of Korea	435	615	557	650	655		700	
Subtotal	7,773	7,616	7,651	8,270	8,319		8,700	
Less: Adjustment								
Total Asia - Region III	7,773	7,616	7,651	8,270	8,319	8,200	8,700	9,200
Australia	1,667	1,857	1,684	2,100	1,900		2,100	
New Zealand	264	330	208	250	200		230	
Subtotal	1,931	2,187	1,892	2,350	2,100		2,330	
Less: Adjustment								
Total Pacific, India & Pakistan - Region IV	1,931	2,187	1,892	2,350	2,100	2,100	2,330	2,500
Austria	1,659	1,506	1,447	1,600	1,527		1,600	
Belgium	2,323	2,311	2,112	2,335	1,864		1,900	
Denmark	1,865	1,826	1,754	1,917	1,865		1,900	
Finland	1,811	1,774	1,751	2,000	1,853		1,900	
France	16,336	16,735	15,445	17,000	15,505		16,000	
Germany	18,405	18,910	19,130	19,500	19,105		19,500	
Greece	3,275	3,108	3,138	3,270	3,337		3,350	
Ireland	477	471	446	550	458		500	
Italy	11,507	12,079	12,084	12,150	12,618		13,000	
Luxembourg	565	564	566	500	615		620	
Netherlands	7,120	6,828	6,889	7,100	6,321		6,500	
Norway	1,892	1,816	1,789	1,900	1,791		1,800	
Portugal	2,754	3,097	3,360	3,200	3,500		3,600	
Spain	16,235	17,647	19,934	18,400	19,150		19,300	
Sweden	2,271	2,251	1,891	2,250	1,800		1,800	
Switzerland	3,969	3,856	3,636	3,950	3,600		3,600	
Turkey	4,182	3,003	3,102	3,200	2,751		3,600	
United Kingdom	2,153	2,462	2,651	2,700	2,700		2,800	
Central and Eastern European countries	6,278	7,237	6,791	7,400	7,629		7,980	
Other countries	530	529	616	500	609		650	
Subtotal	105,607	108,010	108,532	111,422	108,598		111,900	
Less: Adjustment					0			
Total Europe - Region V	105,607	108,010	108,532	111,422	108,598	110,000	111,900	114,000
Total all regions - National Committees	129,165	131,804	131,780	136,542	133,902	134,800	138,038	141,200

Annex II (continued)
PRODUCT LINE AND MARKETING:
CARD SALES BY REGION, 1993 - 1997
UNICEF FIELD OFFICES

(In thousands of cards)

Country/region	1993 Actual	1994 Actual	1995 Actual	1996 Budget	1996 Latest estimates a/	1997 Forecast		
						Low	Medium	High
Argentina	705	1,070	904	1,600	700		1,170	
Brazil	5,152	5,563	5,107	6,100	5,400		5,600	
Chile	188	143	207	300	223		300	
Colombia	1,271	1,295	1,592	1,600	1,406		1,750	
Ecuador	457	521	497	550	552		600	
Mexico	524	614	665	1,000	780		1,000	
Peru	583	666	834	960	900		1,146	
Uruguay	438	432	376	460	380		420	
Venezuela	164	152	196	262	247		350	
Other countries	1,099	1,163	1,218	1,200	1,317		1,558	
Subtotal	10,581	11,619	11,596	14,032	11,905		13,894	
Less: Adjustment				-882				
Total Latin America & Caribbean - Region II	10,581	11,619	11,596	13,150	11,905	13,000	13,894	15,000
Indonesia	806	766	860	1,200	900		1,100	
Malaysia	252	360	107	400	200		350	
Philippines	471	562	700	700	820		900	
Singapore	241	263	168	300	280		200	
Thailand	322	406	365	550	470		500	
Other countries	619	578	561	346	623		625	
Subtotal	2,711	2,935	2,761	3,496	3,293		3,675	
Less: Adjustment				-56				
Total Asia - Region III	2,711	2,935	2,761	3,440	3,293	3,500	3,675	3,800
India	5,585	6,064	6,867	8,320	6,800		4,900	
Pakistan	653	690	749	840	800		830	
Other countries	31	40	28	0	40		35	
Subtotal	6,269	6,794	7,644	9,160	7,640		5,765	
Less: Adjustment				-1,345				
Total Pacific, India & Pakistan - Region IV	6,269	6,794	7,644	7,815	7,640	5,500	5,765	6,000
Morocco	615	604	478	805	468		500	
Nigeria	921	804	676	1,500	844		900	
Other countries	3,409	3,351	3,494	3,375	3,719		3,730	
Subtotal	4,945	4,759	4,648	5,680	5,031		5,130	
Less: Adjustment				-585				
Total Africa & MENA - Region VI	4,945	4,759	4,648	5,095	5,031	4,800	5,130	5,400
Total All Regions	24,506	26,107	26,649	32,368	27,869	26,800	28,464	30,200
Less: Adjustment				-2,868	0		0	
Total all regions - field offices (after adjustments)	24,506	26,107	26,649	29,500	27,869	26,800	28,464	30,200
Total all regions - National Committees	129,165	131,804	131,780	136,542	133,902	134,800	138,038	141,200
Grand total	153,671	157,911	158,429	166,042	161,771	161,600	166,502	171,400

MENA = Middle East and North Africa
a/ As of 18 February 1997.

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Annex III
PRIVATE SECTOR FUND-RAISING NET PROCEEDS:
1993-1995 ACTUAL, 1996 APPROVED, 1996 LATEST ESTIMATES AND 1997 PROPOSED

National Committees	(in thousands of United States dollars)									
	1993 Actual		1994 Actual		1995 Actual		1996 Budget		1996 Latest estimates	
	General resources	Supplementary funds	General resources	Supplementary funds	General resources	Supplementary funds	General resources	Supplementary funds	General resources	Supplementary funds
Australia	479	130	609	975	975	583	1,000	1,000	1,000	1,200
Austria	672	-	514	514	514	847	1,962	200	600	2,000
Belgium	-	-	-	4,452	4,452	793	3,568	5,500	600	3,200
Canada a/	17	17	25	25	25	16	25	151	151	188
Czech Republic	156	186	342	275	275	135	200	25	25	25
Denmark	20	1,228	310	1,938	1,938	217	1,335	300	100	400
Finland	14,200	6,409	15,062	2,267	17,329	1,473	1,473	1,800	700	700
France	9,613	16,022	20,034	20,079	40,113	2,064	15,154	18,400	2,500	17,000
Germany	579	10	589	346	1,231	17,789	19,012	38,800	18,000	20,000
Greece	1,482	747	2,279	1,824	3,671	172	1,083	960	640	1,800
Hong Kong	31	31	31	1,847	1,847	1,394	4,090	3,000	1,500	2,500
Hungary	-	-	-	243	371	246	119	119	40	40
Ireland	-	-	-	25	25	246	246	230	230	400
Israel	9,843	1,058	10,901	3,565	13,990	8,774	13,163	14,577	12,000	2,500
Italy	15,811	6,984	22,795	10,425	13,990	23,748	4,600	34,500	29,900	4,600
Japan	227	142	369	274	298	201	486	687	274	300
Luxembourg	105	63	168	12	124	17,136	13,522	30,658	15,250	17,000
Netherlands	22	52	74	10	10	42	25	67	11	80
New Zealand	151	270	421	105	230	794	638	130	130	100
Norway	-	-	-	105	230	794	638	130	130	100
Poland	-	-	-	105	230	794	638	130	130	100
Portugal	1,527	462	1,989	2,358	586	2,394	611	3,005	2,500	500
Romania	-	-	-	9	9	9	9	9	9	9
Republic of Korea	-	-	-	9	9	9	9	9	9	9
Slovakia	-	-	-	9	9	9	9	9	9	9
Slovenia	-	-	-	9	9	9	9	9	9	9
Spain	-	-	-	9	9	9	9	9	9	9
Sweden	18	186	204	933	933	3,128	13,563	16,691	11,000	16,000
Switzerland	4,073	3,799	7,872	775	862	363	1,008	1,100	500	500
Turkey	10	10	10	4,876	10,255	4,887	3,911	8,798	2,700	7,200
United Kingdom	149	4,591	4,740	6,953	6,953	12	39	51	19	30
United States	8,885	8,885	8,885	11,277	11,277	9,720	9,720	20,000	1,000	7,000
Others	-	-	-	5	5	8,402	8,402	20,000	11,300	10,000
Total National Committees	59,185	38,444	97,629	84,011	107,379	191,390	142,483	87,663	86,193	200,362

and total

a/ As per the Canadian Committee's decision, the net proceeds for private sector fund-

For 1997, it is estimated that net proceeds will be approximately the same as 1996. The second installment is likely to come in 1997.

b. The Committee received in 1995 the first installment of a large legacy (\$9 million) not recorded in GCO books. The second installment is likely to come in 1997.

The 1987 unmined figures are based on a conservative approach as it has been more and more difficult to obtain large prospecting lists which, as per the Committee received in 1993 and the implementation of a large project.

c/ The 1997 proposed figures are based on a conservative approach as it has been more and more common to estimate a contribution level at least equal to 1995. The Committee wants to make very conservative figures, but GCO is confident that the Committee will reach a contribution level at least equal to 1995.

Annex IV
POST CHANGES: GCO

Detail	Posts level							Total IP	NO	GS	Grand total
	D2/L7	D1/L6	P5/L5	P4/L4	P3/L3	P2/L2	P1/L1				
Base PAT 1996	1	3	13	25	33	12	1	88	30	136	254
Establish and abolish								0			0
Product Line and Marketing			-2		1	1		-2		-1	-2
Private Sector Fund-raising				-1		-1		2		-2	1
Operations and Finance								-2		-2	-4
RSCs and UNICEF field offices								0	-1	8	7
Total change, GCO	0	0	-2	-1	1	0	0	-2	-1	5	2
Reclassifications, GCO											
Private Sector Fund-raising				-1	2	-1		0			0
Total reclassification, GCO	0	0	0	-1	2	-1	0	0	0	0	0
Deployments from GCO											
Private Sector Fund-raising			-1	-1	-2	-1	-1	-6		-5	-11
Total deployment from GCO	0	0	-1	-1	-2	-1	-1	-6	0	-5	-11
Deployments within GCO											
Director's Office										-1	-1
Product Line and Marketing					1					-1	-1
Private Sector Fund-raising										1	1
Operations and Finance					-1					1	1
Total deployment within GCO	0	0	0	0	0	0	0	0	0	0	0
Total changes, reclassifications, deployments	0	0	-3	-3	1	-2	-1	-8	-1	0	-9
Total, Proposed 1997	1	3	10	22	34	10	0	80	29	136	245

GS = General Service; IP = international Professional; NO = national officer;
PAT = post authorization table; RSCs = regional support centres.

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Annex V

**DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES
(ESTABLISH/ABOLISH/TRANSFER)**

PAT number	Duty station	Post title	Functional group	Level	Type of action	Count
02009	NY	Senior Product Development Officer	Product Line and Marketing	L-5	Abolish	-1
93476	GE	Chief, Product Development	Product Line and Marketing	L-5	Abolish	-1
93481*	NY	Chief, Special Projects	Private Sector Fund-raising	L-5	Transfer	-1
87413	NY	Planning Officer	Operations and Finance	P-4	Abolish	-1
93820*	NY	Special Events Officer	Private Sector Fund-raising	L-4	Transfer	-1
90381*	NY	Design Officer	Private Sector Fund-raising	L-3	Transfer	-1
89807*	NY	Special Events Officer	Private Sector Fund-raising	L-3	Transfer	-1
GCO97006	GE	Fund-raising Officer	Private Sector Fund-raising	L-3	Establish	1
86517	NY	Programmer	Operations and Finance	P-2	Abolish	-1
GCO97005	NY	Assistant Fund-raising Analysis Officer	Private Sector Fund-raising	L-2	Establish	1
89809*	NY	Assistant Special Events Officer	Private Sector Fund-raising	L-2	Transfer	-1
93468*	NY	Assistant Special Projects Officer	Private Sector Fund-raising	L-1	Transfer	-1
Total						-8

**DETAILS OF INTERNATIONAL PROFESSIONAL POST
RECLASSIFICATIONS BY GRADE AND OFFICE:
1997 PROPOSED**

PAT number	Duty station	Post title	Functional group	1996 Level	1997 Level
93465	NY	Fund-raising Material Coordinator	Private Sector Fund-raising	L-4	L-3
91537	NY	Assistant Project Officer	Private Sector Fund-raising	L-2	L-3
Total					2

* Transfer to Division of Communication.

PAT = Post authorization table.

Annex VI**COMPARISON OF POSTS FOR GCO:
1996 APPROVED BUDGET VERSUS 1997 PROPOSED BUDGET**

	Posts level							Total IP	NO	GS	Grand total
	D2/L7	D1/L6	P5/L5	P4/L4	P3/L3	P2/L2	P1/L1				
Director's Office											
Approved 1996	1		1					2		2	4
Proposed 1997	1		1					2		1	3
Change	0	0	0	0	0	0	0	0	0	-1	-1
Product Line and Marketing											
Approved 1996		1	4	4	10	5		24		30	54
Proposed 1997		1	2	4	11	5		23		29	52
Change	0	0	-2	0	1	0	0	-1	0	-1	-2
Private Sector Fund-raising											
Approved 1996		1	2	4	5	2	1	15		15	30
Proposed 1997		1	1	2	6	1		11		10	21
Change	0	0	-1	-2	1	-1	-1	-4	0	-5	-9
Operations and Finance											
Approved 1996		1	4	11	17	5		38		56	94
Proposed 1997		1	4	10	16	4		35		55	90
Change	0	0	0	-1	-1	-1	0	-3	0	-1	-4
Total, GCO Headquarters											
Approved 1996	1	3	11	19	32	12	1	79	0	103	182
Proposed 1997	1	3	8	16	33	10	0	71	0	95	166
Change	0	0	-3	-3	1	-2	-1	-8	0	-8	-16
RSCs and UNICEF field offices											
Approved 1996			2	6	1			9	30	33	72
Proposed 1997			2	6	1			9	29	41	79
Change	0	0	0	0	0	0	0	0	-1	8	7
Total, GCO Headquarters, RSCs and UNICEF field offices											
Approved 1996	1	3	13	25	33	12	1	88	30	136	254
Proposed 1997	1	3	10	22	34	10	0	80	29	136	245
Change	0	0	-3	-3	1	-2	-1	-8	-1	0	-9

GS = General Service; IP = international Professional; NO = national officer;
RSCs = regional support centres.



Economic and Social Council

Distr.
LIMITED

E/ICEF/1997/AB/L.9
14 March 1997

ORIGINAL: ENGLISH

UNITED NATIONS CHILDREN'S FUND
Executive Board
Annual session 1997
2-6 June 1997
Item 10 (b) of the provisional agenda*

FOR INFORMATION

REETING CARD AND RELATED OPERATIONS

Financial report and statements for the year ended 30 April 1996

SUMMARY

This document presents the results of UNICEF Greeting Card and related Operations (GCO) for the year ended 30 April 1996.

Accounts for the two income-generating activities of GCO are maintained and presented separately in statement I.

The net operating income from the sale of UNICEF greeting cards and other products was \$76.6 million, representing a 46 per cent return on gross proceeds and an increase of \$12.6 million (19.6 per cent) compared to 1994. In 1995, 158 million cards were sold, the same as in 1994. However, gross proceeds increased by \$12.9 million (8.4 per cent), from \$153.6 million in 1994 to \$166.5 million in 1995.

The net operating income from private sector fund-raising activities was \$93.2 million, an increase of \$14.2 million (18 per cent) compared to 1994. With this increase in net operating income from private sector fund-raising activities, and after allowing for other charges of \$2.2 million for the Market Development Programme, \$7.0 million for the Fund-raising Development Programme, \$0.2 million for exhibits and \$1.3 million for the Central and Eastern European National Committees Development Programme, GCO, in 1995, achieved a record total net operating income of \$159.1 million, an increase of \$24.6 million, or 18.3 per cent higher when compared to 1994.

After allowing for an unfavourable exchange rate adjustment of \$3.2 million and prior years' adjustments of \$4.6 million, the total net income of GCO in 1995 was \$151.3 million, \$7.3 million (5.0 per cent) higher than in 1994. In addition, \$103.6 million (\$118 million in 1994) were raised from private sector fund-raising activities which were earmarked by partners for allocation to supplementary-funded projects.

A country-by-country performance report for the sale of greeting cards and other products for the five-year period 1991-1995, with a detailed analysis of 1995, is contained in annex I. Also, presented in annex II is the country-by-country analysis of net proceeds raised from private sector fund-raising activities.

* E/ICEF/1997/13.

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FOREWORD

I am pleased to report that in 1995 the Greeting Card and related Operations (GCO) were able to achieve a record net contribution to UNICEF general resources income of \$151.3 million and a sales volume of 158 million cards.

This success is due to the work of hundreds of thousands of individuals around the world. Our thanks go to the National Committees for UNICEF and other cooperating groups whose staff and volunteers sold UNICEF cards and other products; to the hundreds of artists, museums and art collectors whose works were made available, at no charge, for greeting card designs; and to the millions of individuals who purchased UNICEF cards and other products and who donated their time and money to the cause of UNICEF throughout the year. Equally important, the above achievements became possible because of the successful fund-raising efforts undertaken by the National Committees for UNICEF and UNICEF field offices, and the millions world-wide who responded with their individual contributions.

(Signed) Carol Bellamy
Executive Director

FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 1996

A. An overview of the results

1. The total net income contribution to UNICEF general resources from GCO activities was \$151.3 million. This compares with \$144.0 million in 1994, an increase of \$7.3 million (5.0 per cent). The \$151.3 million contribution to UNICEF general resources consists of \$76.6 million net operating income from the sale of UNICEF greeting cards and other products; \$93.2 million net operating income from private sector fund-raising activities; and other charges and adjustments. These other charges and adjustments include Market Development Programme (MDP) expenditure (\$2.2 million), Fund-raising Development Programme (FDP) expenditure (\$7.0 million), Central and Eastern European National Committees Development Programme expenditure (\$1.3 million), exhibits (\$0.2 million), unfavourable exchange rate adjustment (\$3.2 million) and prior years' adjustments (\$4.6 million).
2. A total of 158 million cards were sold in 1995, the same as in 1994. While the card sales volume remained the same, the gross proceeds increased from \$153.6 million in 1994 to \$166.5 million in 1995.
3. The net operating income from the sale of UNICEF greeting cards and other products in 1995 was \$76.6 million (46 per cent return on gross proceeds), an increase of \$12.6 million (19.6 per cent) compared to 1994.
4. The net operating income from private sector fund-raising activities related to general resources was \$93.2 million in 1995, an increase of \$14.2 million (18 per cent). In addition, \$103.6 million (\$118.0 million in 1994) were raised from private sector fund-raising activities which were earmarked, by partners, for allocation to supplementary-funded projects.
5. More detailed explanations are provided in the notes to the financial statements (see paras. 7-49 below) and in the five-year (1991-1995) overview of country-by-country performance from the sale of UNICEF greeting cards and other products presented in annex I, table 2.

B. Financial statements for the year ended 30 April 1996

6. The three financial statements that follow are supported by the notes to the financial statements, including a summary of significant accounting policies (paras. 8-16), which are considered an integral part of the financial report. In consideration of the request of the Executive Board (E/ICEF/1995/9/Rev.1, decision 1995/20), a statement of income and expenditures, shown by revenue-generating activity, for the year ended 30 April 1996 is presented in the GCO work plan and proposed budget for 1997 (see E/ICEF/1997/AB/L.8, table 1).

STATEMENT I

Statement of income and expenditure for the year ended 30 April 1996 (In thousands of United States dollars)

	Note	1995 season 1 May 1995 - 30 April 1996		1994 season \$/ 1 May 1994 - 30 April 1996		Variance Increase/(decrease)	
			%		%		%
Gross proceeds - GCO products	3	166,467	100.0	153,618	100.0	12,849	8.4
Less: Retention/commissions and direct expenses at field offices	4	42,073	25.3	38,922	25.3	3,151	8.1
Net proceeds		124,394	74.7	114,696	74.7	9,698	8.5
Less: Cost of goods delivered	5	32,655	19.6	34,424	22.4	(1,769)	(5.1)
Less: Operating costs	6	91,739	55.1	80,272	52.3	11,467	14.3
Provision for uncollectible accounts receivable	7	22,668	13.8	22,609	14.7	59	0.3
Add: Other income	8	547	0.3	1,344	0.9	(797)	(59.3)
Net operating income - GCO products	9	68,226	41.0	56,319	36.7	11,907	21.1
Net operating income - Private sector fund-raising \$/ Less: Other charges	10	8,321	5.0	7,675	5.0	646	8.4
Married Development Programme	11	78,547	46.0	63,994	41.7	12,553	19.6
Fund-raising Development Programme	12	93,173		78,833		14,240	18.0
Exhibits	13	2,199		2,326		(127)	(5.5)
Central and Eastern European National Committees	14	6,978		4,947		2,131	44.0
Development Programme	15	156		57		101	177.2
Total net operating income	16	1,278		1,152		126	10.9
Less: Exchange rate adjustment	17	159,107		134,545		24,562	16.3
Prior years' adjustments	18	3,233		(10,138)		13,371	131.9
Total net income		4,562		641		3,921	611.7
Number of cards sold (millions)		151,312		144,042		7,270	5.0
		156		156		0	0.0

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

\$/ Excluding \$103.6 million allocated to supplementary funds, compared to \$118 million in 1994 (see para. 30). This is shown in the UNICEF financial report.

Ellen Yarffe, Comptroller
(Signed)

Carol Bellamy, Executive Director
(Signed)

STATEMENT II
Statement of assets, liabilities and surplus as at 30 April 1996
(in thousands of United States dollars)

	Note	As at 30 April 1996	As at 30 April 1996	Increase/(decrease)
ASSETS				
Cash	19		1,716	714
Accounts receivable	20	210,175		15,524
Less: Allowance for exchange rate fluctuation and uncollectible accounts		21,375	20,461	914
Net accounts receivable	21		188,800	14,810
Inventory	22		21,863	756
Prepaid expenses	23		253	(30)
Capital assets, net of accumulated depreciation	24		1,950	650
TOTAL ASSETS			<u>214,574</u>	<u>16,700</u>
LIABILITIES				
Accounts payable	25	8,270	8,571	(301)
Inter-office account	26	54,992	45,261	9,731
TOTAL LIABILITIES			<u>63,262</u>	
SURPLUS	27		151,312	9,430
TOTAL LIABILITIES AND SURPLUS			<u>214,574</u>	<u>16,700</u>

Ellen Yaffe, Comptroller
(Signed)

Carol Bellamy, Executive Director
(Signed)

STATEMENT III
Statement of the results for the year ended 30 April 1996
compared with the approved budget
(In millions of United States dollars)

	Actual	Approved budget a/	Variance Increase (decrease)	
			\$	%
Income				
Gross proceeds - GCO products	166.5	160.0	6.5	4.1
Less: National Committees' retention and commissions paid by field offices	37.3	35.4	1.9	5.4
Net proceeds	129.2	124.6	4.6	3.7
Add: Other income	8.3	8.5	(0.2)	(2.4)
Total net proceeds - GCO products	137.5	133.1	4.4	3.3
Net proceeds - private sector fund-raising	100.7	110.0	(9.3)	(8.5)
Total income	238.2	243.1	(4.9)	(2.0)
Expenditures				
Director's Office	0.9	0.9	0.0	0.0
Product Line and Marketing	46.8	49.5	(2.7)	(5.5)
Market Development Programme	2.2	5.0	(2.8)	(56.0)
Private Sector Fund-raising	7.6	9.5	(1.9)	(20.0)
Fund-raising Development Programme	7.0	8.0	(1.0)	(12.5)
Operations and Finance	12.5	14.7	(2.2)	(15.0)
Exhibits	0.2	0.1	0.1	100.0
Office move-related costs b/	-	1.8	(1.8)	(100.0)
GCO share in UNICEF administrative costs	0.2	0.2	-	-
Central and Eastern European National Committees Development Programme	1.3	1.6	(0.3)	(18.8)
Total expenditures	78.7	91.3	(12.6)	(13.8)
Total net income before adjustments	159.5	151.8	7.7	5.1
Adjustments				
Provision for doubtful accounts	0.5	-	0.5	-
Exchange rate adjustments	3.2	-	3.2	-
Prior years' adjustments	4.5	-	4.5	-
Total net income after adjustments - general resources	151.3	151.8	(0.5)	(0.3)
Add: Supplementary funds - private sector fund-raising	103.6	102.0	1.6	1.6
Total net revenues - general resources and supplementary funds	254.9	253.8	1.1	0.4

a/ In accordance with Executive Board decision 1995/20, para.2, these amounts reflect the high projection budget.

b/ In accordance with GCO accounting policy (see note 2, para. 14), \$0.8 million related to the office move in Geneva was capitalized.

/...

C. Notes to the financial statements

Note 1. Objectives and activities

7. GCO, in cooperation with National Committees for UNICEF, field offices and others, raises funds for children. Consequently, this makes people aware of UNICEF activities and gives them the opportunity to be involved in its work.

Note 2. Summary of significant accounting policies

8. The accounts are maintained in accordance with the Financial Regulations and Rules of the United Nations Children's Fund and with the Financial Regulations and Rules of the United Nations Children's Fund, Special Supplement, Greeting Card Operation.

9. The accounting period (fiscal year) of GCO is 1 May to 30 April. The accounts of GCO are incorporated into the UNICEF accounts as at 31 December. Consistent year-end cut-off procedures are in effect to incorporate GCO accounts into the UNICEF financial statements.

10. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange on the transaction date.

11. Deliveries to National Committees and other partners are recorded in local currencies converted into United States dollars at the United Nations exchange rate on the individual delivery dates. GCO gross proceeds reported in local currencies by partners are recorded in United States dollars at the resultant average exchange rates calculated on the basis of the rates used for deliveries. Actual cash collection is recorded in United States dollars at the United Nations rate in effect at the time remittances are received.

12. Assets and liabilities in currencies other than United States dollars are valued for accounting purposes at the prevailing United Nations rates of exchange. Any variance in valuation caused by fluctuation of those rates is accounted for as income or loss and included in the statement of income and expenditure under revaluation of assets and liabilities (exchange rate adjustment). An allowance of 10 per cent of non-United States dollar-denominated outstanding accounts receivable as at 30 April may be established to cover the fluctuation of exchange rates. Further, an allowance for accounts receivable that are considered doubtful for collection may be established. These allowances are shown as a deduction from the accounts receivable on the statement of assets and liabilities.

13. The inventory of raw materials, work in process, finished goods for the following campaign and goods in transit are valued at standard cost. It is GCO policy to write-down unsold cards and dated products at the end of the first sales campaign year and all other products at the end of the second sales campaign year. Products which have been written-down and carried forward are valued at their add-on cost. All publicity and promotion materials produced in the current campaign year, but relating to future campaign years, are shown at standard cost and included in inventory.

14. Capital assets costing \$100,000 or more are capitalized and depreciated over their estimated useful life.

15. Liabilities are accrued in the GCO accounts following recognized accounting standards, and appropriate cut-off procedures are followed consistently.

16. Income from private sector fund-raising activities and related expenses are recorded separately in the GCO accounts.

Statement I

Note 3. Gross proceeds - GCO products

17. This shows the total sales value of all GCO products sold during the year. Sales by major product category compared to 1994 are shown below:

(In millions of United States dollars)				
	1995	1994	Variance	
			\$	%
Cards	139.8	126.0	13.8	11.0
Calendars	7.1	4.2	2.9	69.0
Stationery	5.6	8.2	(2.6)	31.7
Educational materials	6.8	8.2	(1.4)	(17.1)
Other products	<u>7.2</u>	<u>7.0</u>	<u>0.2</u>	<u>2.9</u>
Total	<u>166.5</u>	<u>153.6</u>	<u>12.9</u>	<u>8.4</u>

18. Gross proceeds amounted to \$166.5 million, an increase of \$12.9 million over 1994 (8.4 per cent). This increase was due to increase in selling price, favourable impact of exchange rate and product mix.

19. Gross proceeds by sales channel for 1995 compared to 1994 were:

(In millions of United States dollars)				
	1995	1994	Variance	
			\$	%
National Committees and other sales partners	146.8	133.7	13.1	9.8
UNICEF field offices	<u>19.7</u>	<u>19.9</u>	<u>(0.2)</u>	<u>(1.0)</u>
Total	<u>166.5</u>	<u>153.6</u>	<u>12.9</u>	<u>8.4</u>

20. A detailed analysis of sales and performance by country for the sale of greeting cards and other products is contained in annex I.

/...

Note 4. Retention/commissions and direct expenses at UNICEF field offices

21. This item consists of the amounts retained by National Committees and other partners, commissions paid to consignees and direct operating expenses at UNICEF field offices. This amounted to \$42.1 million, an increase of \$3.2 million (or 8.1 per cent) when compared to 1994 actual. A breakdown is given below:

(In millions of United States dollars)				
	1995	1994	Variance	
			\$	¢
Retention/commissions	37.3	34.7	2.6	7.5
Field offices expenses	<u>4.8</u>	<u>4.2</u>	<u>0.6</u>	<u>14.3</u>
Total	<u>42.1</u>	<u>38.9</u>	<u>3.2</u>	<u>8.1</u>

Note 5. Total cost of goods delivered

22. The cost of goods delivered, including promotion materials, freight, duties and taxes, was \$32.7 million, a decrease of \$1.7 million (5.1 per cent) over 1994 actual. While the cost of goods delivered decreased by \$2.1 million (8.4 per cent), freight, duties and taxes increased marginally by \$0.1 million (2.9 per cent). The overall decrease in cost of goods delivered was due to increased control over orders delivered to partners and improved forecasting of sales. To support National Committees' and other sales partners' outreach and growth, the cost of promotion materials in 1995 increased by \$0.3 million (5.1 per cent) over 1994. Details are presented below:

(In millions of United States dollars)				
	1995	1994	Variance	
			\$	¢
Costs of goods delivered	22.9	25.0	(2.1)	(8.4)
Freight, duties, tax	3.6	3.5	0.1	2.9
Promotion materials	<u>6.2</u>	<u>5.9</u>	<u>0.3</u>	<u>5.1</u>
Total	<u>32.7</u>	<u>34.4</u>	<u>(1.7)</u>	<u>(5.1)</u>

Note 6. Operating costs

23. The operating costs reflect the total operating costs of the Product Line and Marketing Group, the Operations and Finance Group and the Director's Office. In 1995, while the operating costs of both the Operations and Finance Group and

the Director's Office decreased or remained the same, the costs of the Product Line and Marketing Group increased. In total, they amounted to \$23.0 million, an increase of \$0.4 million (1.8 per cent) over 1994 actual. As a percentage of gross proceeds, operating costs were 13.8 per cent, a decrease of 0.9 per cent when compared to 14.7 per cent in 1994. It should be noted that while the Operations and Finance Group and the Director's Office support both product sales and private sector fund-raising activities of GCO, the operating costs of these groups were charged in full to product sales. Details of the operating costs are summarized below:

(In millions of United States dollars)				
	1995	1994	Variance	
			\$	%
Product Line and Marketing	7.9	7.1	0.8	11.3
Operations and Finance	14.0	14.4	(0.4)	(2.8)
Director's Office	<u>1.1</u>	<u>1.1</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>23.0</u>	<u>22.6</u>	<u>0.4</u>	<u>1.8</u>

Note 7. Provision for uncollectible accounts receivable

24. The \$0.5 million provision for uncollectible accounts receivable consists of accounts receivable that may become irrecoverable. It is a decrease of \$0.8 million (59.3 per cent) over 1994. Accounts receivable deemed to be irrecoverable are written-off against the allowance for uncollectible accounts receivable account. Nevertheless, GCO continues its efforts to collect on these amounts.

Note 8. Other income

25. Other income comprises the following:

(a) Income from licensed products, which includes royalties from special programmes, income from Nippon Telegraph and Telephone Corporation's Pressed Flower Telegram Programme in Japan and income from the sale of National Committee products and other items;

(b) Donations, which represent contributions generated through GCO brochures/order forms;

(c) Miscellaneous income, which includes bank interest, discounts on purchases, sale of obsolete equipment and miscellaneous proceeds.

26. Other income in 1995 amounted to \$8.3 million, an increase of \$0.6 million (8.4 per cent) over 1994. A comparison between 1995 and 1994 is presented below.

/...

(In millions of United States dollars)				
	1995	1994	Variance	
			\$	%
Licensed products	5.8	5.1	0.7	13.7
Donations	2.1	1.8	0.3	16.7
Miscellaneous income	0.4	0.8	(0.4)	(50.0)
Total	8.3	7.7	0.6	8.4

Note 9. Net operating income - GCO products

27. For the 1995 campaign, the net operating income for product line and marketing was \$76.6 million, an increase of \$12.6 million (19.6 per cent) over 1994. As a percentage of gross proceeds, the 1995 net operating income was 46 per cent, an increase of 4.3 per cent when compared to the 41.7 per cent in 1994.

Note 10. Net operating income - private sector fund-raising

28. In 1995, private sector fund-raising activities generated for UNICEF a record total net proceeds of \$100.7 million. This represented an increase of \$16.4 million (19.5 per cent) when compared to 1994. This increase was realized through new and expanded private sector fund-raising initiatives implemented by National Committees and UNICEF field offices. For a detailed analysis of the net proceeds by National Committees and UNICEF field offices, see annex II.

29. As presented in the table below, the net operating income from private sector fund-raising activities related to general resources in 1995 amounted to \$93.2 million, \$14.2 million (18 per cent) higher than 1994. This was net of the amount retained by the National Committees, operating costs of the Private Sector Fund-raising Group, including field office expenses, and the costs related to research and development.

30. In addition to the net operating income from private sector fund-raising activities related to general resources, \$103.6 million were earmarked to various UNICEF supplementary-funded projects. This amount is shown as a footnote to statement I in the present financial report and included as income in the UNICEF financial report.

31. To develop new methods and test fund-raising campaigns in 1995, \$1.1 million were spent for research and development. This amount was \$0.4 million (27.7 per cent) less than 1994.

Net operating income - private sector fund-raising
(In thousands of United States dollars)

	1995	1994	Variance Increase (decrease) \$	Variance Increase (decrease) %
<u>Net proceeds</u>	100 711	84 292	16 419	19.5
<u>Operating costs</u>				
International Professional staff	1 768	1 692	76	4.5
General Service staff	1 026	957	69	7.2
Short-term staff	50	48	2	4.4
Travel, conference and liaison	211	318	(107)	(33.7)
Support services and materials	308	347	(39)	(11.3)
Rent, equipment, supplies and freight	445	432	13	3.0
Field office expenses a/	2 598	0	2 598	100.0
Total operating costs	6 406	3 794	2 612	68.8
Research and development	1 132	1 565	(433)	(27.7)
Net operating income	93 173	78 933	14 240	18.0

a/ The budget for field office expenses was first established in 1995. Private sector fund-raising activities in field offices in 1994 were funded through FDP and research and development and, therefore, there is no comparative figure.

Note 11. Market Development Programme

32. In 1994, the Executive Board approved the establishment of MDP (E/ICEF/1994/13/Rev.1, decision 1994/A/9) with the goal of testing and evaluating new income-generating initiatives in the area of product line and marketing. For 1995, the Executive Board approved \$4.0 million. Through this programme, interested National Committees submitted requests for funding, and each request was supported with a complete description of the project and a short-term marketing and financial plan. Upon approval of each request, the requested amount was provided by GCO to the National Committee which, in turn, at least matched the amount provided equally and established a separate account for the transparent monitoring of the programme over the planned period. During 1995, 15 National Committees submitted requests for funding through MDP and were provided with a total of \$2.2 million. (For a detailed report on MDP, see the GCO work plan and proposed budget for 1997 (E/ICEF/1997/AB/L.8).)

Note 12. Fund-raising Development Programme

33. To enable GCO to fulfil its mandate in private sector fund-raising activities, the Executive Board, at its 1994 session, authorized the further implementation of FDP for an additional five-year period and, at its 1995 session, approved \$7.0 million for 1995. The objective of this programme was to increase the capacity of National Committees and UNICEF field offices to build a broader support base in raising funds from the private sector (see E/ICEF/1991/AB/L.6 and E/ICEF/1991/15, decision 1991/35). In 1995, GCO provided its partners with \$7.0 million from FDP. FDP was a major factor which contributed to the record increase in private sector fund-raising net proceeds in 1995. (For a detailed report on FDP, see the GCO work plan and proposed budget for 1997 (E/ICEF/1997/AB/L.8).)

Note 13. Exhibits

34. This item covers the costs of producing exhibits and maintaining the Visitors' Centre at UNICEF House. In 1995, these costs were \$0.2 million, an increase of \$0.1 million when compared to 1994.

Note 14. Central and Eastern European National Committees Development Programme

35. In 1992, the Executive Board approved the Central and Eastern European National Committees Development Programme (E/ICEF/1992/AB/L.6 and E/ICEF/1992/14, decision 1992/40). Initially, the National Committees in this region were allowed to retain, in addition to the 25 per cent retention on gross proceeds, the remaining 75 per cent of gross proceeds as well. The 75 per cent was intended to cover expenditures for raising awareness, general advocacy, information dissemination, sales network expansion and donor constituency-building. According to the Executive Board-approved formula, starting in 1995, National Committees would contribute 20 per cent to UNICEF and this rate would go up to 40 per cent in 1996, 60 per cent in 1997 and the usual 75 per cent of the gross proceeds in 1998 and thereafter. For 1995, actual expenditure was \$1.3 million, \$0.1 million higher than in 1994. This increase was directly attributable to higher gross proceeds from product sales in this region.

Note 15. Total net operating income

36. The total net operating income from GCO product sales and private sector fund-raising activities amounted to \$159.1 million, an increase of \$24.6 million (18.3 per cent) compared to 1994. This represents GCO net operating income before non-operating charges, *inter alia*, exchange rate adjustment and prior years' adjustments.

Note 16. Exchange rate adjustment

37. This represents the net adjustment for exchange rate, including a 10 per cent provision for exchange rate fluctuations on outstanding non-United States dollar accounts receivable and the effect of the revaluation of assets and liabilities using the 30 April 1996 United Nations operational rate of exchange. The exchange rate adjustment in 1995 was a loss of \$3.2 million, an unfavourable change of \$13.4 million when compared to the gain of \$10.1 million in 1994.

Note 17. Prior years' adjustments

38. In accordance with existing GCO accounting policy, non-recurring adjustments to proceeds and expenditures related to prior years have been recorded as prior years' adjustments. For 1995, these adjustments amounted to a favourable \$4.6 million.

Note 18. Total net income

39. After deducting the non-operating expenses, the total net income from GCO product sales and private sector fund-raising activities in 1995 was a record \$151.3 million, an increase of \$7.3 million, or 5.0 per cent compared to 1994 actual.

Statement II

Note 19. Cash

40. Cash (\$1.7 million) consisted of balances in GCO bank accounts and petty cash at headquarters and in field offices.

Note 20. Accounts receivable

41. Accounts receivable include amounts due from National Committees and other partners for revenues from product sales, private sector fund-raising activities and royalties and miscellaneous receivables. The gross accounts receivable as at 30 April 1996 were \$210.2 million, an increase of \$15.5 million over the balance as at 30 April 1995. The increase was due to higher income from both product sales and private sector fund-raising activities. Agreements with National Committees provide for payment of these balances within six months from the end of their respective fiscal years.

Note 21. Net accounts receivable

42. In accordance with GCO accounting policy (see para. 12 above), an allowance to cover accounts receivable that are considered doubtful for collection and an allowance to cover the impact of exchange rate fluctuation on accounts

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receivables held in non-United States dollar currencies may be established. For 1995, the total allowance for exchange rate fluctuation and estimated uncollectible accounts amounted to \$21.4 million. Net accounts receivable after deducting this allowance amounted to \$188.8 million. As at 31 December 1996, the net accounts receivable balance was \$9.7 million.

Note 22. Inventory

43. Inventory is stated at standard cost (raw materials, work in process, finished goods and goods in transit) and, as at 30 April 1996, amounted to \$21.9 million, an increase of \$0.8 million compared to the balance as at 30 April 1995. The increase was due basically to the higher production for the 1996 season and early delivery. Total inventory as at 30 April 1996 consisted of:

	(In millions of United States dollars)	
	30 April 1996	30 April 1995
Raw materials	3.7	3.4
Work in process	1.6	2.0
Finished goods	11.4	11.2
Goods in transit	<u>5.2</u>	<u>4.5</u>
Total	<u>21.9</u>	<u>21.1</u>

Note 23. Prepaid expenses

44. These represented payments made to suppliers for the production of GCO products and promotion materials for 1996 and future campaigns. Prepaid expenses as at 30 April 1996 amounted to \$0.3 million, the same as the balance as at 30 April 1995.

Note 24. Capital assets

45. These are stated at cost, less accumulated depreciation (see summary of capital assets as at 30 April 1996 presented below). In accordance with GCO accounting policies, capital assets costing \$0.1 million or more are capitalized and depreciated over their estimated useful life. The net increase of \$0.7 million in capital assets over the balance as at 30 April 1995 represented the acquisition of production equipment (\$0.2 million) and the cost of leasehold improvements associated with the move of the GCO Geneva offices to a new location (\$0.8 million) offset by depreciation (\$0.3 million).

	(In millions of United States dollars)	
	30 April <u>1996</u>	30 April <u>1995</u>
Production machinery	0.8	0.6
Office equipment and leasehold improvements	<u>2.6</u>	<u>1.8</u>
Subtotal	3.4	2.4
Accumulated depreciation	(1.4)	(1.1)
Total	<u>2.0</u>	<u>1.3</u>

Note 25. Accounts payable

46. Total accounts payable as at 30 April 1996 amounted to \$8.3 million, a decrease of \$0.3 million compared with the balance as at 30 April 1995. Included in the total accounts payable were liabilities to suppliers and National Committees.

Note 26. Inter-office account

47. This reflects the net result of the transactions between GCO and other UNICEF offices. The balance included monies advanced as working capital to GCO. GCO earnings for each fiscal year are also transferred to UNICEF via this account.

Note 27. Surplus

48. This represents GCO earnings which are transferred to UNICEF general resources income annually. As at 30 April 1996, the surplus was \$151.3 million.

Statement III

Note 28. Comparison of 1995 actual results with budget

49. The performance of GCO in 1995 compared with the approved budget is as follows:

(a) Gross proceeds from sale of cards and other products were \$6.5 million, or 4.1 per cent more than budget;

(b) National Committees' retention and commissions paid by field offices were \$1.9 million (5.4 per cent) more than budget;

(c) Net proceeds from sale of GCO products was \$4.6 million, or 3.7 per cent more than budget;

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- (d) Other income was \$0.2 million, or 2.4 per cent less than budget;
- (e) Total net proceeds related to product sales was \$4.4 million, or 3.3 per cent more than budget;
- (f) Net proceeds from private sector fund-raising activities were \$9.3 million, or 8.5 per cent less than budget;
- (g) Total income was \$4.9 million, or 2 per cent less than budget;
- (h) Director's Office expenses were as budgeted;
- (i) Expenses related to product line and marketing were \$2.7 million, or 5.5 per cent less than budget;
- (j) MDP expenditures were \$2.8 million, or 56 per cent less than budget;
- (k) Expenditures related to private sector fund-raising activities were \$1.9 million, or 20 per cent less than budget;
- (l) FDP expenditures were \$1 million less than the budget of \$8.0 million;
- (m) Expenditures related to operations and finance were \$2.2 million, or 15 per cent less than budget;
- (n) The costs related to exhibits were \$0.1 million over the budget;
- (o) In accordance with GCO accounting policy, the costs (\$0.8 million) related to the office move were capitalised instead of considering them as period expenditures. Hence, there is no comparative figure against the budgeted amount of \$1.8 million;
- (p) The GCO share of administrative costs was as budgeted;
- (q) Central and Eastern European National Committees Development Programme expenditures were favourable by \$0.3 million (18.8 per cent) compared to the budget;
- (r) Total expenditures were \$12.6 million, or 13.8 per cent less than the budget of \$91.3 million;
- (s) Total net income before adjustments was \$7.7 million (5.1 per cent) better than the budget of \$151.8 million;
- (t) The total net income after adjustments was \$151.3 million, \$0.5 million or 0.3 per cent less than the budget of \$151.8 million;
- (u) Proceeds from private sector fund-raising activities earmarked for supplementary-funded programmes were \$1.6 million (1.6 per cent) more than budget;
- (v) Finally, the total net revenue of \$254.9 million for both general resources and supplementary funds was \$1.1 million, or 0.4 per cent more than budget.

Annex I

**COUNTRY-BY-COUNTRY PERFORMANCE REPORT FOR THE
SALE OF GREETING CARDS AND OTHER PRODUCTS**

1. Since 1987, in response to a UNICEF Executive Board request, a report representing an evaluation of performance by partners for the sale of greeting cards and other products has been prepared annually, as follows:

(a) Table 1 below shows gross proceeds for all products and the number of cards sold by sales region and by major selling country for 1995 compared to 1994. It shows the ranking of each major market expressed as a performance on a per capita basis showing gross proceeds and cards sold per 1,000 population in 1995 compared to 1994;

(b) Table 2 below shows country-by-country performance for the period 1991-1995.

2. In order to measure country-by-country performance, GCO has established eight indicators that have been discussed with the respective partners: National Committees for UNICEF, field offices and consignees. The indicators reflect the areas of joint responsibility of the greeting card sales partnership, including forecasting, ordering, selling, pricing and promotion material costs, and lead up to the key indicator "contribution to UNICEF".

Performance overview, 1991-1995

3. Table 2 reflects the performance by country over a period of five years. This overview can be summarized by country, by region and globally. Global performance shows the following trends:

(a) PI 1. Card sales (in millions of cards). Global volume increased from 151.5 million cards in 1991 to 158.4 million cards in 1995;

(b) PI 2. Gross proceeds (in millions of United States dollars). Gross proceeds grew steadily from \$133.3 million in 1991 to \$166.4 million in 1995, an increase of 24.8 per cent;

(c) PI 3. Other income (in millions of United States dollars) from such special programmes as licensed products or products produced by partners. Other income increased from \$5.3 million in 1991 to \$8.0 million in 1995, an increase of 50.9 per cent;

(d) PI 4. Commission/field office expenses (amounts retained by National Committees and other partners, commissions paid to consignees and direct field office as a percentage of gross proceeds). Commissions/field office expenses for 1995 were 25 per cent. Since 1991, the 25 per cent commission/field office expenses has been achieved by GCO partners collectively each year;

(e) PI 5. Pricing is indicated as a percentage of a base price for an "A-format" (standard-size) card established annually by GCO. An asterisk (*) denotes countries where the price level has reached or exceeded the GCO base price. There has been a consistent adaptation of pricing from 1991 to 1995 with base price increasing, in most of Europe, North America and the Pacific region;

(f) PI 6. Distribution over sales (as a percentage over standard) represents a percentage exceeding established distribution ratios for a consignment sales partnership (the standard = 0). With an improvement in the areas of forecasting, order and distribution, the excess distribution (distribution over sales) decreased from 11 per cent in 1991 to 10 per cent in 1995;

(g) PI 7. Promotion materials costs (as a percentage of gross proceeds) are the direct costs of production of promotion materials provided free by GCO to its partners. Compared to 1991, the expenditure for promotion materials marginally increased from 3 to 4 per cent of gross proceeds in 1995;

(h) PI 8. Contribution to UNICEF (as a percentage of gross proceeds) represents the result of sales proceeds plus other income, less commissions, field office costs, costs of goods delivered and promotion materials. The cost of goods delivered are influenced by the partners' accuracy in forecasting and ordering as well as by the efficiency of GCO procurement, production and physical distribution. The overall contribution to UNICEF remained the same at 60 per cent in 1995 as in 1991 due mainly to slow growth in sales volume and the strengthening of the United States dollar.

1995 global assessment

4. The eight performance indicators not only serve as a tool to measure individual country performance, but also provide a means to assess globally the cooperative performance of GCO with National Committees and other partners.

5. There is a total of 42 individual countries (major markets by region) and four groups of countries included in the 1995 country analysis, and the eight performance indicators show the following results. (For convenience, countries referred to in the following paragraphs include the four groups of countries).

Sales volume (PI 1)

6. In addition to providing a measure of income potential, this is the only indicator that also measures UNICEF "visibility" or presence in the world market. It is, therefore, valuable as a qualitative as well as a quantitative indicator.

7. In 1995, 16 countries showed increases in sales volume, 16 countries showed sales decreases, while 14 countries remained at 1994 sales volume level. Overall, the card sales volume marginally increased from 157.9 million in 1994 to 158.4 million in 1995.

Gross proceeds (PI 2)

8. In spite of a strong United States dollar, gross proceeds from the sale of UNICEF cards and products increased in 29 countries between 1994 and 1995, 5 countries maintained proceeds at approximately the same levels as in 1994, while 12 countries showed decreases. As a whole, gross proceeds increased from \$153.6 million in 1994 to \$166.4 million in 1995 (an increase of 8.3 per cent).

Other income (PI 3)

9. Income from licensed products, royalties and from the sale of Committee products increased in three countries, decreased in five countries, and remained the same in the rest of the countries.

Commissions/field office expenses (PI 4)

10. Overall, the amounts retained by National Committees, field office expenses and commissions paid to partners remained at 25 per cent of gross proceeds in 1995, the same as in 1994. Altogether, 31 countries were at or below the 25 per cent level and 15 were above it.

Pricing (PI 5)

11. In 1995, 19 countries were at or above the base price, while 25 countries remained below it.

12. In countries with a high inflation rate, the system of periodic price adjustments helped to offset the negative effects of inflation.

Distribution/sales ratio (PI 6)

13. As a consequence of an increased effort by partners and GCO alike in the areas of forecasting, order and distribution, the ratio of "cards distributed" over "cards sold" decreased dramatically from 17 per cent in 1994 to 10 per cent in 1995. Nineteen countries reached or maintained a favourable ratio at standard, 12 countries reduced their ratio, while 15 increased or maintained an unfavourable ratio.

Promotion material costs (PI 7)

14. Overall, promotion material costs increased from 3 per cent in 1994 to 4 per cent of gross proceeds in 1995. Costs increased in 15 countries in 1995, decreased in 11 countries and remained approximately the same in 20 countries.

Contribution to UNICEF (PI 8)

15. The overall contribution to UNICEF increased from 57 per cent in 1994 to 60 per cent in 1995.

16. The contribution to UNICEF increased in 27 countries, decreased in 17 countries and remained the same in 2 countries. In an analysis by region, it can be observed that, with the exception of the Latin America and the Africa and Middle East regions, all other regions showed increases in contribution ranging from 2 to 6 per cent of gross proceeds.

1996-1997 regional assessment

Region I - North America

17. The region continued to sustain an upward trend in gross proceeds which was helped mainly by pricing strategies. This increase in gross proceeds, coupled with a significant improvement in the distribution over sales ratio from 59 to 32 per cent and maintenance of the cost of publicity materials at 7 per cent of

gross proceeds and other income at \$0.4 million, resulted in an increase in the contribution to UNICEF from 44 per cent in 1994 to 50 per cent in 1995. The increase in contribution to UNICEF is notwithstanding the increase in retention rate from 25 to 26 per cent due to an increase retention by the Canadian Committee for UNICEF.

18. In the United States, both card sales and gross proceeds continued to increase in 1995. These improvements were attributable mainly to the successful direct mail programme funded through MDP. The increase in gross proceeds, sustained by a significant reduction in the distribution over sales ratio from 76 to 36 per cent, resulted in a laudable increase in contribution to UNICEF from 35 per cent in 1991 to 51 per cent in 1995.

19. In Canada, the performance of the Canadian Committee for UNICEF has been negatively affected by the slow economic recovery and by the decreased consumer usage of greeting cards in the country. These factors resulted in a reduction in card sales (from 4.9 million cards in 1994 to 4.5 million cards in 1995) and gross proceeds (from \$4.2 million in 1994 to \$4.0 million in 1995). However, with an improvement in the distribution over sales ratio from 28 to 23 per cent, its contribution to UNICEF none the less increased from 46 to 50 per cent.

Region II - Latin America

20. The region continued to register an upward trend in card sales volume (from 9.9 million in 1991 to 11.6 million in 1995) and in gross proceeds (from \$6.9 million in 1991 to \$10.8 million in 1995). This favourable trend, however, was adversely impacted by an increase in the percentage of commission and higher field office expenses (from 32 per cent in 1991 to 41 per cent in 1995), resulting in a reduction of the contribution to UNICEF from this region from 47 per cent in 1991 to 40 per cent in 1995.

21. Both gross proceeds and card sales volume in Argentina continued to rise from \$0.5 million in 1991 to \$1.0 million in 1995 and from 0.7 million cards in 1991 to 0.9 million cards in 1995, respectively. However, an adverse distribution to sales ratio (from 0 per cent in 1991 to 20 per cent in 1995) and an increase in commission and field office expenses (from 25 per cent in 1991 to 62 per cent in 1995) resulted in a reduction in the contribution to UNICEF from 54 per cent in 1991 to only 13 per cent in 1995.

22. Brazil maintained its position as the highest seller of greeting cards in the region with sales of 5.1 million cards and gross proceeds of \$4.9 million in 1995. However, due to a slowdown in retail sales experienced in all sectors, both the card sales volume and gross proceeds decreased from 5.6 million cards in 1994 to 5.1 million cards in 1995 and from \$5.1 million in 1994 to \$4.9 million in 1995, respectively. This unfavourable reduction, coupled with a decrease in other income (\$0.2 million) and increases in commission and field office expenses and promotional materials, resulted in a substantial decrease in the contribution to UNICEF from 64 per cent in 1994 to 51 per cent in 1995.

23. Card sales and gross proceeds in Colombia have grown from 1.2 million cards in 1991 to 1.6 million cards in 1995 and from \$0.7 million in 1991 to \$1.3 million in 1995, respectively. Furthermore, the distribution to sales ratio was maintained at standard and commission and field office expenses decreased from 36 per cent in 1991 to 33 per cent in 1995. All these favourable

factors resulted in a significant increase in the contribution to UNICEF from 35 per cent in 1991 to 47 per cent in 1995.

24. In Mexico, although the distribution to sales ratio improved in 1995, it was not sufficient to reverse the continuing reduction of its contribution to UNICEF which fell further from 23 per cent in 1994 to 5 per cent in 1995. This reduction in the contribution can be attributed to the higher commission and field office expenses, which increased from 41 per cent in 1994 to 67 per cent in 1995, and to a reduction in gross proceeds, which dropped from \$0.9 million in 1994 to \$0.7 million in 1995.

Region III - Asia

25. The region has the highest contribution to UNICEF as a percentage of gross proceeds among the six regions since 1991 to 1995 (91 per cent in 1991 and 96 per cent in 1995). It has registered an upward trend in card sales volume (from 8.8 million in 1991 to 10.4 million in 1995), gross proceeds (which nearly doubled from \$6.3 million in 1991 to \$12.2 million in 1995), and other income (from \$2.2 million in 1991 to \$4.2 million in 1995). In addition, it has reduced its commission and field office expenses (as a percentage of gross proceeds) from 30 per cent in 1991 to 24 per cent in 1995.

26. In Hong Kong, card sales and gross proceeds decreased marginally from 0.9 million cards in 1994 to 0.7 million cards in 1995 and from \$0.6 million in 1994 to \$0.5 million in 1995, respectively. In spite of the reduction in gross proceeds, it increased its contribution to UNICEF from 63 per cent of gross proceeds in 1994 to 68 per cent in 1995.

27. In Indonesia, card sales increased from 0.8 million in 1994 to 0.9 million in 1995 and gross proceeds increased from \$0.4 million in 1994 to \$0.5 million in 1995. The increase in gross proceeds, combined with a reduction in the commission and field office expenses from 34 to 25 per cent, resulted in an increase in its contribution to UNICEF from 40 per cent in 1994 to 56 per cent in 1995.

28. Japan continued to be the highest seller in the region in terms of number of cards sold and gross proceeds, which increased from 6.1 million cards in 1991 to 6.4 million cards in 1995 and from \$7.5 million in 1991 to \$8.8 million in 1995, respectively. These increases were attributed to higher sales in postcards and non-card products. The increases in gross proceeds, in other income (from \$3.0 million in 1994 to \$3.9 million in 1995) and a favourable distribution to sales ratio helped Japan to increase its contribution to UNICEF from 104 to 109 per cent of gross proceeds, the highest among all partners.

29. The Philippines continued its upward trend in card sales (from 0.6 million in 1994 to 0.7 million in 1995) and in gross proceeds (from \$0.4 million in 1994 to \$0.5 million in 1995). However, with an increase in commission and field office expenses (from 17 per cent in 1994 to 28 per cent in 1995), its contribution to UNICEF dropped from 64 per cent in 1994 to 57 per cent in 1995.

30. In the Republic of Korea, gross proceeds increased from \$0.6 million in 1994 to \$0.7 million in 1995, while card sales volume remained the same as in 1994 (0.6 million cards). In spite of the increase in gross proceeds, however, its contribution to UNICEF declined from 82 per cent in 1994 to 73 per cent in 1995. This was attributable to higher cost of promotional materials (from

4 per cent in 1994 to 7 per cent of gross proceeds in 1995) and a deterioration of its distribution over sales ratio.

Region IV - Pacific, India and Pakistan

31. This region registered increases in volume of cards sold (from 9.0 million in 1994 to 9.5 million in 1995) and in gross proceeds (from \$3.7 million in 1994 to \$3.9 million in 1995). The increase in gross proceeds and the reduction in commission and field office expenses from 35 per cent in 1994 to 34 per cent in 1995 helped to marginally improve the region's contribution to UNICEF from 25 per cent in 1994 to 27 per cent in 1995.

32. In Australia, card sales and gross proceeds dropped from 1.9 million cards in 1994 to 1.7 million cards in 1995 and from \$1.6 million in 1994 to \$1.4 million in 1995, respectively. The drop in gross proceeds and a dramatic increase in the distribution over sales ratio resulted in a reduction in the contribution to UNICEF from 48 per cent in 1994 to 41 per cent in 1995.

33. Due to the change in the product mix and the targeted marketing approach employed in India, card sales and gross proceeds increased significantly from 6.1 million cards in 1994 to 6.9 million cards in 1995 and from \$1.5 million in 1994 to \$2.0 million in 1995, respectively. The increase in gross proceeds, a favourable product mix and a decrease in the commission and field office expenses resulted in a significant improvement in its contribution to UNICEF from zero in 1994 to 19 per cent of gross proceeds in 1995.

34. With an improved distribution over sales ratio and lower retention rate (from 23 to 22 per cent), the contribution of the New Zealand Committee for UNICEF to UNICEF increased from 32 per cent in 1994 to 50 per cent of gross proceeds in 1995. This was in spite of decreases in volume of cards sold and gross proceeds from 0.3 million cards in 1994 to 0.2 million cards in 1995 and \$0.3 million in 1994 to \$0.2 million in 1995, respectively.

Region V - Europe

35. The 1995 campaign was another successful year for this region, with increases in card sales volume (0.5 million), gross proceeds (\$11.9 million) and other income (\$0.2 million). The cost of publicity and promotional materials remained stable. The level of commission retained by National Committees remained below or at the 25 per cent level. Moreover, the distribution over sales ratio has improved from 17 per cent in 1994 to 11 per cent in 1995. As a result, the region's contribution to UNICEF increased from 58 per cent in 1994 to 60 per cent in 1995.

36. In Austria in 1995, while card sales decreased marginally by approximately 0.1 million cards over 1994, gross proceeds increased by \$0.3 million over 1994 from \$1.7 million to \$2.0 million in 1995. This increase, coupled with a reduction in promotional materials (from 10 per cent in 1994 to 5 per cent of gross proceeds in 1995), helped to increase Austria's contribution to UNICEF from 47 per cent in 1994 to 53 per cent in 1995.

37. Belgium registered a decrease in its card sales volume (from 2.3 million in 1994 to 2.1 million in 1995), while its gross proceeds increased from \$2.7 million in 1994 to \$2.9 million in 1995. This increase in gross proceeds, however, did not translate into an increase in the contribution to UNICEF, which

decreased from 61 per cent in 1994 to 59 per cent of gross proceeds in 1995 due to an unfavourable distribution over sales ratio and an increase in its cost of promotional materials.

38. In 1995, Denmark maintained its 1994 card sales volume of 1.8 million cards. However, its gross proceeds, buoyed partly by a favourable exchange rate, increased from \$2.2 million in 1994 to \$2.4 million in 1995. This increase, together with an improved distribution over sales ratio and lower promotional materials as a percentage of gross proceeds (from 6 per cent in 1994 to 4 per cent in 1995), helped to increase marginally its contribution to UNICEF from 56 per cent in 1994 to 57 per cent in 1995.

39. A country which has faced severe recession since 1991, the economy of Finland began a slow recovery in 1995. While card sales remained the same as in 1994, its gross proceeds increased to \$2.8 million from \$2.6 million in 1994 (due mainly to a favourable exchange rate). The increase in gross proceeds, combined with an improved distribution over sales ratio (from 38 to 28 per cent) and a reduced cost of promotional materials (from 7 per cent in 1994 to 4 per cent of gross proceeds in 1995), helped to increase its contribution to UNICEF from 53 per cent in 1994 to 55 per cent in 1995.

40. In 1995, due to a national strike in the midst of its peak campaign period, card sales in France dropped dramatically by 1.3 million cards (from 16.7 million in 1994 to 15.4 million in 1995). However, with favourable pricing and exchange rate, the gross proceeds increased from \$21.2 million in 1994 to \$21.9 million in 1995. This increase in gross proceeds helped to raise the contribution to UNICEF from 60 per cent in 1994 to 62 per cent in 1995.

41. Despite its sluggish economy, in 1995, Germany increased its volume of cards sold (from 18.9 million in 1994 to 19.1 million in 1995) and gross proceeds (from \$24.7 million in 1994 to \$28.9 million in 1995). The rise in card sales was attributable to the new marketing initiatives in the corporate sector. With the increase in gross proceeds and an improved distribution over sales ratio (from 19 per cent in 1994 to 9 per cent in 1995), Germany's contribution to UNICEF increased marginally from 61 per cent in 1994 to 62 per cent in 1995.

42. In 1995, gross proceeds in Greece increased from \$2.8 million in 1994 to \$3.1 million, while its volume of cards sold remained the same as in 1994 at 3.1 million. The increase in gross proceeds and a decrease in its distribution over sales ratio helped to marginally improve Greece's contribution to UNICEF (from 53 per cent in 1994 to 54 per cent in 1995).

43. Although card sales in Ireland dropped by 0.1 million cards in 1995, its gross proceeds and contribution to UNICEF remained the same at \$0.4 million (fifth consecutive year) and 55 per cent (in the last two years), respectively. This was despite of a higher cost of promotional materials, which was offset by an improved distribution over sales ratio.

44. In 1995, gross proceeds in Italy decreased by \$0.8 million, while card sales remained the same at 12.1 million cards when compared to 1994. In spite of the decrease in gross proceeds, its contribution to UNICEF grew dramatically from 59 per cent in 1994 to 73 per cent of gross proceeds. This was made possible by a reduction in the retention rate (from 24 per cent in 1994 to

17 per cent in 1995), a \$0.6 million raise in other income and an improved distribution over sales ratio.

45. Luxembourg continued to achieve the highest card penetration in the world (1.5 cards per capita). While card sales volume in 1995 remained the same as in 1994, its gross proceeds increased by \$0.1 million, due in part to a good pricing strategy and a favourable exchange rate. The increase in gross proceeds and an improved distribution over sales ratio kept its contribution to UNICEF at 60 per cent of gross proceeds.

46. In 1995, the Netherlands reversed its downward trend in card sales volume and at the same increased its gross proceeds from \$7.8 million in 1994 to \$8.8 million in 1995. In spite of the increase in gross proceeds, however, its contribution to UNICEF decreased marginally by 1 per cent. This was due partly to a decrease in other income (from \$0.5 million in 1994 to \$0.3 million in 1995).

47. Gross proceeds in Norway increased to \$2.1 million in 1995 compared to \$1.8 million in 1994. The increase in gross proceeds, with an improved distribution over sales ratio (from 14 per cent in 1994 to 10 per cent in 1995) and a reduction in cost of promotional materials (from 5 per cent in 1994 to 4 per cent in 1995), resulted in an increase in Norway's contribution to UNICEF from 53 per cent in 1994 to 55 per cent in 1995.

48. In 1995, due to the loss of a major retail chain, sales volume in Poland decreased from 1.6 million cards in 1994 to 1.3 million cards in 1995, while the gross proceeds were at \$0.7 million, the same as in 1994. Through improved product selection, the distribution over sales ratio attained the standard. This improvement in distribution over sales, coupled with a reduction in the cost of promotional materials (from 11 per cent in 1994 to 6 per cent of gross proceeds in 1995), resulted in a positive reversal of its contribution to UNICEF by 44 per cent.

49. Card sales (from 2.5 million in 1991 to 3.4 million in 1995) and gross proceeds (from \$1.4 million in 1991 to \$2.3 million in 1995) increased consistently in Portugal due to the opening of new sales channels and an aggressive pricing strategy. Further, the distribution over sales ratio reached standard and the cost of publicity materials dropped by 2.0 per cent of gross proceeds. With these positive indications, Portugal's contribution to UNICEF increased from 61 per cent in 1994 to 65 per cent in 1995.

50. Slovenia continued to achieve the second highest card penetration in the world (almost 1 card per capita). While card sales and gross proceeds dropped slightly by 0.1 million cards and \$0.1 million in 1995, respectively, Slovenia's contribution to UNICEF increased by 2 per cent compared to 1994. This was due to price increases and an improved product mix.

51. For the first time, Spain became the highest card selling country in the world with sales of 19.9 million cards. In 1995, volume increased by 2.3 million compared to 1994, while gross proceeds increased to \$13.6 million, \$3.1 million higher when compared to 1994. These successes in sales are due to sales channel expansion supported by MDP funding. An excellent distribution over sales ratio of 0 per cent is noteworthy, and reflects the Committee's pro-active policy in its use of inventory products. The contribution to UNICEF, however, decreased from 61 per cent to 60 per cent.

52. In a slow economy, high unemployment rate and increased competition in 1995, card sales volume in Sweden decreased by 0.4 million cards over 1994, while gross proceeds showed a decline of \$0.1 million over 1994. As a consequence of the reduction in gross proceeds, Sweden's contribution to UNICEF dropped by 3.0 per cent.

53. Gross proceeds in Switzerland in 1995 increased by \$0.9 million over 1994, while volume decreased slightly by 0.3 million cards compared to 1994. A decrease in the distribution to sales ratio helped to increase its contribution to UNICEF from 65 per cent in 1994 to 67 per cent in 1995.

54. In 1995, card sales in Turkey increased by 0.1 million cards to 3.1 million, while gross proceeds decreased marginally by \$0.1 million to \$1.6 million, when compared to 1994. During 1995, there was a 45 per cent devaluation resulting in a dramatic drop in its contribution from 48 per cent in 1994 to 39 per cent in 1995.

55. Owing to several sales development initiatives supported by MDP, 1995 was another successful year for the United Kingdom. Compared to 1994, card sales increased by 0.2 million to 2.7 million and gross proceeds by \$0.3 million to \$2.4 million. The increase in gross proceeds helped to improve marginally its contribution to UNICEF from 34 per cent in 1994 to 35 per cent in 1995.

Annex I

COUNTRY-BY-COUNTRY PERFORMANCE REPORT FOR THE SALE OF
GREETING CARDS AND OTHER PRODUCTS

Table 1

Volume of card sales and gross proceeds for all products -
by region and by major markets - 1995 compared with 1994

	1995					1994					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Ns. of cards sold over 1994	1995 gross proceeds over 1994	Population in millions
North America - Region I													
Canada	4,637	4,029	2.4	147.80	186	4,841	4,189	2.7	152.38	181	(404)	(130)	27.3
United States of America	8,168	10,486	8.3	42.18	37	8,060	10,184	6.8	40.88	36	118	281	248.7
Subtotal, North America	12,805	14,515	8.7	-	-	12,891	14,373	9.3	-	-	(286)	181	
Latin America - Region II													
Argentina	804	1,006	0.8	30.81	28	1,070	826	0.8	28.38	33	(166)	80	32.8
Brazil	5,107	4,887	2.9	33.28	36	6,643	6,128	3.3	34.93	38	(446)	(241)	148.8
Chile	207	166	0.1	11.89	16	143	119	0.1	8.91	11	64	37	13.3
Colombia	1,592	1,320	0.8	47.42	87	1,266	977	0.8	36.10	47	297	343	27.8
Ecuador	487	386	0.2	40.01	52	621	411	0.3	42.80	64	(234)	(26)	9.8
Mexico	686	726	0.4	8.92	8	814	868	0.8	10.88	8	51	(143)	81.3
Peru	834	708	0.4	32.18	38	686	661	0.4	24.88	30	168	168	22.0
Uruguay	376	388	0.2	124.82	127	432	332	0.2	112.34	146	(66)	36	3.0
Venezuela	186	202	0.1	11.18	11	162	126	0.1	8.90	8	44	77	18.1
Others	1,217	1,062	0.8	-	-	1,163	1,078	0.7	-	-	54	(16)	
Subtotal, Latin America	11,686	10,820	6.5	-	-	11,818	10,514	8.8	-	-	(24)	308	
Asia - Region III													
Hong Kong	703	486	0.3	88.82	127	878	669	0.4	103.04	159	(176)	(73)	6.5
Indonesia	860	482	0.3	2.89	8	786	417	0.3	2.32	4	84	86	178.4
Japan	8,381	8,924	6.3	71.39	62	6,123	7,486	4.9	80.83	60	208	1,228	123.8
Philippines	700	452	0.3	7.48	12	602	365	0.2	6.03	8	138	87	80.8
Republic of Korea	667	684	0.4	16.78	13	816	848	0.4	14.93	14	(88)	36	43.4
Thailand	386	281	0.2	6.16	7	408	288	0.2	6.24	7	(41)	(6)	64.5
Others	838	867	0.8	-	-	1,201	1,086	0.7	-	-	(363)	(138)	
Subtotal, Asia	10,412	12,176	7.3	-	-	10,661	10,876	7.1	-	-	(138)	1,301	
Pacific, India & Pakistan - Region IV													
Australia	1,884	1,428	0.8	84.80	100	1,864	1,686	1.0	84.06	110	(172)	(166)	18.8
India	6,887	1,857	1.2	2.31	8	6,084	1,548	1.0	1.83	7	803	409	848.3
New Zealand	208	227	0.1	68.08	61	330	306	0.2	89.08	98	(122)	(78)	3.4
Pakistan	748	274	0.2	3.26	9	690	233	0.2	2.77	8	68	41	84.3
Others	28	17	0.0	-	-	40	26	0.0	-	-	(12)	(8)	
Subtotal, Pacific, India & Pakistan	9,638	3,804	2.3	-	-	8,980	3,697	2.4	-	-	658	207	

Annex I (continued)
Table 1 (continued)

	1996					1994					Increase/(decrease)	
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No. of cards sold 1996 over 1994	1996 gross proceeds over 1994
Europe - Region V												
Austria	1,447	2,033	1.2	280.78	180	1,508	1,884	1.1	218.01	183	(61)	349
Belgium	2,112	2,820	1.8	292.82	212	2,311	2,886	1.8	270.18	232	(198)	224
Czech Republic	387	186	0.1	18.06	38	366	137	0.1	13.30	36	31	48
Denmark	1,764	2,263	1.4	487.01	341	1,828	2,188	1.4	418.73	366	(72)	187
Finland	1,761	2,813	1.7	682.77	360	1,774	2,681	1.7	612.38	366	(23)	262
France	16,446	21,873	13.1	388.21	273	18,795	21,196	13.8	373.71	298	(1,260)	708
Germany	19,130	28,928	17.4	371.82	248	18,810	24,748	16.1	318.18	243	220	4,180
Greece	3,128	3,086	1.8	287.78	304	3,108	2,834	1.8	278.22	303	30	221
Ireland	448	436	0.3	123.38	126	471	428	0.3	120.83	134	(26)	8
Italy	12,084	10,842	6.3	178.38	204	12,078	11,280	7.3	181.02	204	6	(748)
Luxembourg	568	812	0.5	2,371.08	1,472	664	780	0.8	1,878.80	1,488	2	183
Netherlands	6,889	8,766	5.3	671.13	627	6,828	7,787	5.7	883.86	623	61	1,008
Norway	1,788	2,078	1.2	489.82	421	1,816	1,838	1.2	432.26	428	(27)	238
Poland	1,288	728	0.4	18.14	34	1,803	878	0.4	17.86	42	(304)	48
Portugal	3,380	2,342	1.4	237.48	341	3,087	1,728	1.1	175.01	314	263	618
Slovenia	1,788	1,126	0.7	877.32	808	1,841	1,187	0.8	603.77	887	(163)	(82)
Spain	19,834	13,867	8.2	344.04	508	17,847	10,810	6.8	268.52	448	2,287	3,087
Sweden	1,881	1,872	1.2	228.84	220	2,281	2,060	1.3	236.72	282	(380)	(78)
Switzerland	3,336	8,108	4.9	1,178.72	828	3,868	7,238	4.7	1,062.88	861	(220)	874
Turkey	3,102	1,883	1.0	28.21	85	3,003	1,710	1.1	30.28	83	88	(117)
United Kingdom	2,861	2,444	1.8	43.37	47	2,482	2,078	1.4	38.88	44	189	368
Others	3,933	2,148	1.3	-	-	3,868	1,774	1.2	-	-	87	374
Subtotal, Europe	108,832	120,826	72.8	-	-	108,010	108,886	71.0	-	-	822	11,828
Africa and Middle East - Region VI	4,848	4,128	2.6	-	-	4,788	5,184	3.4	-	-	(111)	(1,088)
TOTAL	186,428	168,486	100.0	-	-	187,810	183,818	100.0	-	-	818	12,848

Annex I (continued)

Table 2

Country-by-country performance report, 1991 to 1995
Performance Indicators 1 - 8 (PI 1 - PI 8) g/

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (Millions of US dollars)					PI 4 Commissions/field office (Percentage of gross proceeds)				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
North America - Region I																				
Canada	5.6	5.4	5.2	4.9	4.5	5.2	4.9	4.5	4.2	4.0	0.1	0.1	0.1	0.1	0.1	26	26	26	26	27
United States of America	9.5	9.1	8.7	9.1	9.2	8.1	8.4	8.6	10.2	10.5	0.0	0.5	0.2	0.3	0.3	26	38	27	25	25
Subtotal - North America	15.1	14.5	13.9	14.0	13.7	13.3	13.3	13.1	14.4	14.5	0.1	0.6	0.3	0.4	0.4	27	32	27	25	26
Latin America - Region II																				
Argentina	0.7	0.6	0.7	1.1	0.9	0.5	0.5	0.6	0.9	1.0	0.0	0.0	0.0	0.0	0.0	25	29	31	34	62
Brazil	4.7	4.2	5.2	5.6	5.1	3.0	3.5	3.0	5.1	4.9	0.3	0.6	0.9	0.5	0.3	32	34	34	30	38
Chile	0.3	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	43	58	76	38	52
Colombia	1.2	1.3	1.3	1.3	1.8	0.7	0.8	0.9	1.0	1.3	0.0	0.0	0.0	0.0	0.0	36	40	38	34	33
Ecuador	0.4	0.4	0.5	0.5	0.5	0.3	0.3	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	30	32	30	20	42
Mexico	0.7	0.5	0.5	0.6	0.7	0.9	1.0	0.9	0.9	0.7	0.0	0.0	0.1	0.0	0.0	46	46	39	41	67
Peru	0.4	0.5	0.6	0.6	0.6	0.3	0.4	0.4	0.6	0.7	0.0	0.0	0.0	0.0	0.0	23	27	18	25	52
Uruguay	0.4	0.4	0.4	0.4	0.4	0.2	0.3	0.3	0.3	0.4	0.0	0.0	0.0	0.0	0.0	25	25	26	26	29
Venezuela	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0	29	51	34	29	51
Balance of Latin America	0.9	1.0	1.1	1.2	1.2	0.7	0.8	0.8	1.1	1.1	0.0	0.1	0.0	0.0	0.0	21	18	20	16	17
Subtotal - Latin America	9.9	9.3	10.6	11.6	11.6	6.9	7.8	7.7	10.5	10.8	0.3	0.7	1.0	0.5	0.3	32	34	32	30	41
Asia - Region III																				
Hong Kong	0.6	0.8	0.8	0.9	0.7	0.4	0.5	0.5	0.6	0.5	0.6	0.1	0.1	0.1	0.1	25	25	25	25	25
Indonesia	0.5	0.7	0.8	0.8	0.9	0.3	0.3	0.4	0.4	0.5	0.0	0.0	0.0	0.0	0.0	40	26	24	34	25
Japan	5.9	6.2	6.5	6.1	6.4	4.5	5.4	6.6	7.5	8.8	1.6	1.8	2.5	3.0	3.8	25	25	25	25	25
Philippines	0.4	0.4	0.5	0.6	0.7	0.2	0.3	0.3	0.4	0.5	0.0	0.0	0.0	0.0	0.0	24	26	26	17	28
Republic of Korea	0.3	0.6	0.4	0.6	0.6	0.2	0.4	0.4	0.6	0.7	0.0	0.1	0.2	0.2	0.2	103	57	25	25	25
Thailand	0.2	0.3	0.3	0.4	0.4	0.1	0.2	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0	64	42	28	16	40
Balance of Asia	0.9	1.0	1.1	1.2	0.8	0.6	0.8	0.9	1.1	1.0	0.0	0.1	0.0	0.0	0.0	31	24	19	15	12
Subtotal - Asia	8.8	10.0	10.5	10.6	10.4	6.3	7.9	8.4	10.9	12.2	2.2	2.1	2.8	3.3	4.2	50	27	24	24	24
Pacific, India & Pakistan - Region IV																				
Australia	2.1	2.0	1.7	1.9	1.7	1.7	1.6	1.4	1.6	1.4	0.0	0.0	0.0	0.0	0.0	20	24	25	27	28
India	6.3	4.7	5.6	6.1	6.9	1.4	1.3	1.4	1.5	2.0	0.0	0.0	0.0	0.1	0.0	22	33	52	44	37
New Zealand	0.4	0.3	0.3	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0	22	22	22	23	22
Pakistan	0.5	0.6	0.7	0.7	0.7	0.2	0.2	0.2	0.2	0.3	0.0	0.0	0.0	0.0	0.0	47	35	31	46	61
Subtotal - Pacific, India & Pakistan	8.3	7.6	8.2	8.0	9.5	3.6	3.4	3.2	3.7	3.9	0.0	0.0	0.0	0.1	0.0	22	32	37	36	34

g/ An explanation of the performance indicators is given in paragraphs 2 and 3 of the annex.

Annex J (continued)

Table 2 (continued)

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (Millions of US dollars)					PI 4 Commissions/field office (Percentage of gross proceeds)				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Europe - Region V																				
Austria	1.6	1.6	1.7	1.5	1.4	1.8	1.9	1.8	1.7	2.0	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Belgium	2.3	2.5	2.3	2.3	2.1	2.6	3.0	2.6	2.7	2.9	0.0	0.1	0.0	0.0	0.0	25	25	25	25	25
Czech Republic	-	-	0.3	0.4	0.4	-	-	0.1	0.1	0.2	-	-	0.0	0.0	0.0	-	-	21	21	20
Denmark	2.0	2.0	1.9	1.8	1.8	2.0	2.4	2.0	2.2	2.4	0.0	0.1	0.0	0.0	0.0	25	25	25	25	25
Finland	2.0	2.0	1.8	1.8	1.6	3.0	2.7	2.1	2.6	2.8	0.1	0.1	0.1	0.1	0.0	25	25	25	25	25
France	15.4	16.6	16.3	16.7	15.4	16.1	21.5	19.6	21.2	21.9	0.3	0.5	0.3	0.4	0.4	25	25	25	25	25
Germany	17.0	17.9	18.4	18.8	19.1	19.2	24.1	24.1	24.7	28.9	0.1	0.2	0.1	0.1	0.1	24	24	24	24	24
Greece	3.3	4.0	3.3	3.1	3.1	2.4	3.3	2.2	2.8	3.1	0.3	0.3	0.3	0.2	0.2	25	25	25	25	25
Ireland	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Italy	10.2	10.3	11.5	12.1	12.1	13.8	13.6	10.5	11.3	10.5	0.8	0.3	0.6	0.6	1.2	21	22	15	24	17
Luxembourg	0.5	0.6	0.6	0.6	0.6	0.6	0.8	0.7	0.8	0.8	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Netherlands	7.2	7.2	7.1	6.8	6.9	7.2	8.0	7.7	7.8	8.8	0.4	0.4	0.4	0.5	0.3	25	25	25	25	25
Norway	2.1	1.9	1.9	1.8	1.8	1.9	2.1	1.7	1.8	2.1	0.0	0.0	0.0	0.0	0.0	21	21	24	24	24
Poland	1.8	0.9	1.7	1.6	1.3	0.3	0.2	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Portugal	2.6	2.6	2.7	3.1	3.4	1.4	1.8	1.7	1.7	2.3	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Slovenia	-	-	1.5	1.9	1.8	-	-	0.8	1.2	1.1	-	-	0.0	0.0	0.0	-	-	25	25	25
Spain	16.0	15.8	16.2	17.6	19.9	9.0	11.0	8.5	10.5	13.6	0.1	0.8	0.3	0.3	0.1	25	25	25	25	25
Sweden	2.8	2.3	2.3	2.3	1.9	2.7	2.9	2.0	2.1	2.0	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Switzerland	4.6	4.3	4.0	3.9	3.6	7.4	7.8	6.8	7.2	8.1	0.3	0.5	0.6	0.6	0.7	25	25	25	25	25
Turkey	4.2	4.2	4.2	3.0	3.1	1.8	1.7	1.6	1.7	1.6	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
United Kingdom	2.6	2.3	2.1	2.5	2.7	2.1	2.2	1.7	2.1	2.4	0.0	0.0	0.0	0.1	0.1	21	21	21	21	21
Others	5.1	4.4	3.3	3.8	3.9	2.2	2.2	1.3	1.8	2.1	0.2	0.0	0.0	0.0	0.0	26	24	24	24	24
Subtotal - Europe	104.0	103.9	105.6	106.0	108.5	97.8	113.6	100.6	109.0	120.9	2.7	3.3	2.7	2.9	3.1	24	24	23	24	23
Africa & Middle East - Region VI	4.4	4.8	4.9	4.7	4.6	5.3	5.0	4.1	5.2	4.1	0.0	0.0	0.0	0.0	0.0	16	15	21	18	21
TOTAL	151.6	150.1	153.7	157.9	159.4	133.3	151.0	138.1	153.6	160.4	5.3	6.7	6.8	7.2	8.0	25	25	25	25	25

Annex I (continued)

Table 2 (continued)

	PI 5 Pricing (Percentage of base price)					PI 6 Distribution over sales (Percentage over base)					PI 7 Promotional materials (Percentage of gross proceeds)					PI 8 Contribution to UNICEF (Percentage of gross proceeds)				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
North America - Region I																				
Canada	84	.	97	90	92	14	1	22	28	23	6	6	8	6	7	50	56	48	46	50
United States of America	.	.	.	.	.	57	38	79	76	36	8	10	10	8	7	36	41	41	44	51
Subtotal - North America	.	.	.	.	.	42	24	56	59	32	8	8	8	7	7	41	48	44	44	50
Latin America - Region II																				
Argentina	71	73	68	84	88	0	21	36	0	20	2	3	2	2	3	54	38	15	34	13
Brazil	71	53	.	.	96	8	23	10	0	0	2	2	3	1	2	48	58	68	64	51
Chile	64	67	67	64	65	17	86	0	0	0	3	3	4	6	3	20	(8)	(13)	29	(20)
Colombia	71	67	74	77	79	0	0	18	15	0	3	3	2	2	2	36	31	36	31	47
Ecuador	71	73	83	71	79	0	8	0	40	0	1	1	1	1	2	50	40	48	54	32
Mexico	79	.	.	.	78	0	38	70	18	0	1	1	1	3	3	36	31	34	23	5
Peru	64	67	82	82	89	0	7	0	0	0	1	1	1	1	1	58	48	63	53	21
Uruguay	71	73	73	82	.	5	5	0	0	0	3	3	1	1	1	46	42	50	48	40
Venezuela	71	73	83	71	.	0	1	14	89	15	1	1	5	6	2	95	20	29	15	26
Balance of Latin America	.	.	.	.	.	2	0	18	12	0	2	2	2	1	1	54	58	45	48	56
Subtotal - Latin America	.	.	.	.	.	1	15	14	0	0	2	2	2	2	2	47	47	48	51	40
Asia - Region III																				
Hong Kong	79	73	78	78	78	0	5	0	2	23	5	4	5	4	7	215	76	82	63	68
Indonesia	71	67	64	61	62	0	0	2	5	18	8	6	4	3	3	34	48	53	40	56
Japan	.	.	.	.	.	0	0	0	0	0	2	1	1	1	1	100	84	104	104	109
Philippines	68	67	73	79	84	0	0	0	0	0	2	2	2	2	2	51	56	51	64	57
Republic of Korea	88	80	.	.	.	13	0	36	7	24	5	4	5	4	7	(29)	52	82	82	80
Thailand	68	67	68	70	70	0	0	0	0	46	3	2	2	2	2	18	35	46	70	43
Balance of Asia	.	.	.	.	.	4	0	18	13	38	5	3	3	2	3	47	55	60	65	69
Subtotal - Asia	.	.	.	.	.	0	0	0	0	4	3	2	2	2	2	81	82	83	82	86
Pacific, India & Pakistan - Region IV																				
Australia	84	.	90	97	97	11	15	0	0	27	5	5	6	5	5	51	44	45	48	41
India	50	33	30	28	32	37	0	0	14	18	1	1	1	2	3	19	29	4	0	19
New Zealand	84	.	.	.	.	13	25	30	23	6	8	8	10	4	7	48	41	21	32	50
Pakistan	54	53	41	39	41	0	0	51	0	0	4	4	5	4	4	22	31	28	21	4
Subtotal - Pacific, India & Pakistan	.	.	.	.	.	26	0	2	7	16	4	4	4	4	4	37	38	24	25	27

Annex I (continued)

Table 2 (continued)

	PI 5 Pricing (Percentage of base price)					PI 6 Distribution over sales (Percentage over base)					PI 7 Promotional materials (Percentage of gross proceeds)					PI 8 Contribution to UNICEF (Percentage of gross proceeds)				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Europe - Region V																				
Austria						13	21	19	27	71	10	10	8	10	5	53	51	53	47	53
Belgium						42	12	21	12	21	5	8	8	3	4	57	58	54	61	58
Czech Republic																				
Denmark																				
Finland						6	6	7	22	38										
France						48	20	32	38	28	6	6	7	7	4	60	61	57	56	57
Germany						26	24	23	22	33	3	2	3	3	3	58	57	55	53	55
Greece						16	11	12	19	9	3	2	3	2	2	62	63	62	61	62
Ireland						0	0	10	18	0	3	2	3	3	3	63	60	56	53	54
Italy						1	15	14	11	0	3	7	6	5	6	58	52	53	55	56
Luxembourg						0	8	12	25	10	2	3	4	4	5	68	60	70	58	73
Netherlands						0	0	1	2	2	3	5	4	3	3	62	60	62	60	60
Norway						18	11	21	35	27	4	5	4	6	6	64	62	62	56	55
Poland						14	12	7	14	10	2	3	3	5	4	48	58	56	53	55
Portugal						0	(80)	0	25	0	8	11	6	11	6	38	38	23	(1)	43
Slovenia						23	0	0	18	0	1	2	2	4	2	66	68	68	61	65
Spain																				
Sweden						1	0	0	0	0										
Switzerland						23	30	31	30	34	3	2	3	2	2	59	67	60	61	60
Turkey						11	24	28	31	18	4	6	6	7	7	60	52	61	50	47
United Kingdom						0	4	0	5	0	2	4	5	4	3	67	65	68	65	67
Others						13	29	28	19	19	5	11	14	8	11	61	54	49	48	38
						6	0	5	32	4	1	2	2	4	5	41	33	29	34	35
Subtotal - Europe						11	8	11	17	11	3	3	4	4	4	61	62	60	58	60
Africa and Middle East - Region VI						0	0	0	0	0	2	2	3	3	3	67	54	52	55	47
TOTAL						11	7	12	17	10	3	4	4	3	4	60	60	58	57	60

Annex II (continued)

	1995		1994		Variance	
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
Field offices						
Argentina		1,672,782	1,672,782			
Brazil		9,308,462	9,308,462	44,017		1,512,024
Burkina Faso			0	2,256		8,959,364
Cameroon	6,312		6,312			2,256
Colombia			0			
Ecuador		9,563	9,563	19,854		359
Guinea			0	512		0
Malaysia	2,893		2,893			78,378
Madagascar		5,098	5,098			11,220
Mexico	253,676		253,676	186,659		186,659
Niger	3,487		3,487			0
Peru		116,432	116,432			10,359
Singapore	37,187	853	38,040	4,677		31,728
Thailand			0	6,403		26,092
Venezuela	2,106	3,390	5,496	20,310		15,877
	305,662	11,116,569	11,422,231	285,047		10,601,024
Total net proceeds	100,710,786	103,617,027	204,327,813	84,295,724		117,979,575
			a/ 204,327,815	a/ 84,295,724		a/ 202,275,300
						b/ 16,415,063
						(14,362,548)
						2,052,515

g/ Excludes \$24.9 million and \$18.5 million gifts-in-kind in 1995 and 1994, respectively.